

Please note: These transcripts are not individually reviewed and approved for accuracy.

BEFORE THE
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD MARKET
DEVELOPMENT COMMITTEE

IN THE MATTER OF THE:)
)
MARKET DEVELOPMENT)
COMMITTEE MEETING)
_____)

DATE AND TIME: THURSDAY, FEBRUARY 6,
1997
 9:30 A.M.

PLACE: BOARD HEARING ROOM
 8800 CAL CENTER DRIVE
 SACRAMENTO, CALIFORNIA

REPORTER: BETH C. DRAIN, RPR, CSR
 CERTIFICATE NO. 7152

BRS FILE NO.: 37736

APPEARANCES

MR. PAUL RELIS, CHAIRMAN
MR. DANIEL G. PENNINGTON, MEMBER
MR. WESLEY CHESBRO, MEMBER

STAFF PRESENT

MR. RALPH CHANDLER, CHIEF EXECUTIVE OFFICER
MS. DEBORAH BORZALLERI, LEGAL COUNSEL
MS. DONNELL DUCLO, COMMITTEE SECRETARY

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1 SACRAMENTO, CALIFORNIA; THURSDAY, FEBRUARY 6, 1997

2 9:30 A.M.

3

4 CHAIRMAN RELIS: CALL TO ORDER THE
5 MEETING OF THE MARKET DEVELOPMENT COMMITTEE.

6 DONNELL, WOULD YOU PLEASE CALL THE ROLL.

7 THE SECRETARY: MEMBER PENNINGTON.

8 MEMBER PENNINGTON: HERE.

9 THE SECRETARY: MEMBER CHESBRO.

10 MEMBER CHESBRO: HERE.

11 THE SECRETARY: CHAIRMAN RELIS.

12 CHAIRMAN RELIS: HERE.

13 OKAY. BEFORE WE GET INTO BUSINESS,
14 ANY EX PARTES THAT COMMITTEE MEMBERS WISH TO
15 REPORT?

16 MEMBER PENNINGTON: NOT FOR ME, MR.
17 CHAIRMAN.

18 CHAIRMAN RELIS: IF NOT, WE WILL --

19 MEMBER CHESBRO: I SUPPOSE THIS IS SORT
20 OF RIGHT ON THE BORDERLINE, BUT I HAD CONVERSA-
21 TIONS WITH LOAN COMMITTEE MEMBERS OUTSIDE OF
22 YESTERDAY'S SESSION ABOUT OUR LOAN PROGRAM,
23 ROXANNE MIDDLETON AND JIM BAIRD, BOTH THAT I
24 SUPPOSE COULD BE CLASSIFIED AS EX PARTES. JUST TO
25 BE SAFE, I'LL MENTION THEM.

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1 CHAIRMAN RELIS: OKAY. I'M GOING TO CALL
2 ON MS. TRGOVCICH TO INTRODUCE OUR BUSINESS FOR
3 TODAY.

4 MS. TRGOVCICH: GOOD MORNING, MR.
5 CHAIRMAN AND MEMBERS. I WOULD LIKE TO JUST
6 BRIEFLY REPORT ON DIVISION ACTIVITIES, A FEW
7 ACTIVITIES, AS I DO EACH MONTH BEFORE WE BEGIN
8 WITH THE AGENDA ITEMS FOR THE DAY.

9 FIRST I JUST WANT TO UPDATE YOU ON
10 THE BOARD'S PRIVATE BUY RECYCLE STRATEGY. WE HAVE
11 GOOD RESULTS TO REPORT. AS YOU ARE AWARE, WE'RE
12 SUPPORTING THE RECYCLED PAPER COALITION. OUR
13 SUPPORT INCLUDES FUNDING FOR THE GLENDALE MODEL
14 GREEN BUILDING PROJECT, WHICH IS AIMED AT
15 DEMONSTRATING THE VALUE OF CLOSED-LOOP RECYCLING
16 IN COMMERCIAL BUILDINGS. AND THAT, THEREFORE,
17 GOES TO INCREASE COALITION MEMBERSHIP. I'M HAPPY
18 TO REPORT THAT THE PROJECT HAS YIELDED VERY
19 ENCOURAGING RESULTS AT SOME OF THE LARGEST
20 BUILDINGS IN THE PROJECT.

21 DURING NOVEMBER THE GLENDALE PROJECT
22 ITSELF DIVERTED 2.31 TONS OF OFFICE PAPER AND 4.84
23 TONS OF COMMINGLED PAPER, FOR A TOTAL OF 7.15 TONS
24 OUT OF THE BUILDING. THEY SAVED APPROXIMATELY
25 \$338 IN HAULING AND LANDFILL FEES, BUT MORE

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1 SIGNIFICANTLY, THEY REACHED AN 11-PERCENT
2 DIVERSION RATE FOR THE MONTH OF NOVEMBER. SO I
3 THINK THAT'S REALLY SOMETHING TO SPEAK TO IN TERMS
4 OF OUR SUPPORT AND, MORE IMPORTANTLY, THEIR
5 EFFORTS TOWARDS COMMITMENT TO THE PROJECT.

6 DURING DECEMBER THE EFFORT SEEMS TO
7 HAVE GATHERED FURTHER MOMENTUM. 3.93 TONS OF
8 OFFICE PAPER WERE DIVERTED, .56 TONS OF WHITE
9 LEDGER, SO WE'RE NOW EXPANDING INTO MORE
10 CATEGORIES OF PAPER DIVERSION, AND 7.79 TONS OF
11 COMMINGLED PAPER WERE COLLECTED FOR A TOTAL OF
12 12.28 TONS DURING THE MONTH OF DECEMBER, AND THE
13 PROJECT SAVED \$541 IN HAULING AND LANDFILL FEES,
14 WHICH IS A DIVERSION RATE OF 28 PERCENT. SO WE
15 SAW MORE THAN A TWOFOLD INCREASE FROM THE MONTH
16 OF
17 NOVEMBER TO DECEMBER.

18 IT'S HOPEFUL THAT THE EFFORTS OF
19 THE
20 GLENDALE MODEL GREEN BUILDING PROJECT WILL
21 ACTUALLY RIVAL THE SUCCESSFUL PILOT PROJECT IN
22 WOODLAND HILLS, WHICH RECYCLED 7100 TONS OF PAPER
23 IN '95 FOR A DIVERSION RATE OF 65 PERCENT. THE
24 TENANTS IN THAT BUILDING OBTAINED \$1 MILLION IN
25 REVENUE THROUGH THE SALE OF THEIR RECYCLABLES.
26 IN

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24 ADDITION, 61 PERCENT OF THE NEW PRODUCTS

PURCHASED

25 BY THE TENANT ASSOCIATION MEMBERS WERE RECYCLED-

1 CONTENT PRODUCTS AT AN AVERAGE OF 12 PERCENT
2 SAVINGS ON ALL OFFICE PRODUCTS PURCHASED THROUGH
3 THE GROUP EFFORT.

4 CHAIRMAN RELIS: IS THIS WOODLAND HILLS
5 THE WARNER CENTER?

6 MS. TRGOVCICH: YEAH. SO THOSE ARE SOME
7 PRETTY IMPRESSIVE FIGURES, AND WE'RE GOING TO BE
8 UPDATING YOU ON THAT AS THIS PROJECT MOVES
9 THROUGH.

10 MEMBER CHESBRO: I THINK THE KEY NOW IS
11 HOW TO SPREAD THE WORD, HOW TO SHOW THE REST OF
12 THE BUSINESS COMMUNITY IN CALIFORNIA WHAT THESE
13 PROJECTS ARE ACHIEVING.

14 MS. TRGOVCICH: THE POINT OF SOME THESE
15 PILOT PROJECTS MOVING INTO THESE, SUCH AS INTO
16 THE
17 GLENDALE PROJECT, IS TO BE ABLE TO COMPILE THE
18 INFORMATION AND MAKE IT AVAILABLE. I'D BE HAPPY
19 IN MY NEXT MONTH'S REPORT TO COME BACK TO YOU
20 WITH

21 SOME INFORMATION ON HOW WE WILL BE DISSEMINATING
22 THIS AND MAKING THOSE KIND OF SAVINGS AND
23 DIVERSION RATE INFORMATION AVAILABLE.

24 CHAIRMAN RELIS: WOULD WE BE LOOKING --
25 I
26 CAN'T REMEMBER IF WE'VE HAD A STORY ON THE

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24 WOODLAND HILLS TOGETHER WITH THE PROPERTY OWNER,
25 THE MANAGER, AND A PRESS CONFERENCE OR ANYTHING

1 LIKE THAT, NOT A CONFERENCE.

2 MS. TRGOVCICH: I NEED TO FOLLOW UP WITH
3 PUBLIC AFFAIRS AND SEE WHAT WAS DONE OR WHAT MAY
4 POTENTIALLY BE PLANNED. WE CAN CERTAINLY LOOK AT
5 THAT.

6 MEMBER CHESBRO: THAT'S A BIG STORY. IT
7 IS PHENOMENAL WHAT WE'VE ACHIEVED THERE.

8 MS. TRGOVCICH: THE PERCENTAGES ARE
9 REALLY UP THERE IN COMPARISON.

10 MEMBER CHESBRO: AND THE FACT THAT IT'S
11 THE WHOLE RANGE OF ACTIVITIES, WASTE PREVENTION,
12 RECYCLING, AND BUY RECYCLING, THEY'VE REALLY GOT
13 THE WHOLE THING GOING.

14 MS. TRGOVCICH: RIGHT. JUST REAL BRIEFLY
15 I WANT TO TAKE AN OPPORTUNITY TO HAND OUT TO YOU
16 THIS MORNING, AND IT'S RATHER TIMELY AFTER OUR
17 WORKSHOP YESTERDAY, WE JUST RECENTLY RECEIVED OUR
18 NEW PUBLICATIONS FOR THE ZONE LOAN PROGRAM. AND
19 MAYBE, DONNELL, I DON'T KNOW IF YOU COULD ASSIST
20 TO HAND THESE OUT.

21 CHAIRMAN RELIS: I GOT A COPY YESTERDAY.
22 WE ALL DID.

23 MS. TRGOVCICH: THERE ARE THREE SEPARATE
24 BROCHURES CONTAINING A VARIETY OF INFORMATION.
25 SOME OF THE BROCHURES CONTAIN PLACES FOR US TO BE

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1 ABLE TO TARGET TELEPHONE NUMBERS AND NAMES FOR
2 CONTACT. THEY WILL BE MADE AVAILABLE TO SOME OF
3 OUR OR MANY OF OUR ZONE ADMINISTRATORS, REQUESTING
4 THEM TO PROVIDE INFORMATION TO INTERESTED
5 BUSINESSES.

6 WE HAVE A BROCHURE NOW WHICH
7 SPECIFICALLY TARGETS LENDERS, STRESSING HOW THE
8 RMDZ LOAN PROGRAM CAN HELP THEM RETAIN THEIR
9 COMMERCIAL CUSTOMERS. SO THIS IS GETTING AT THAT
10 PARTNERSHIP THAT WE WERE TALKING ABOUT TO A GREAT
11 EXTENT YESTERDAY IN TERMS OF STRATEGIES TO
12 LEVERAGE OUR FUNDS AS WELL AS TO SHOW THAT WE ARE
13 NOT IN THERE COMPETING WITH THE COMMERCIAL SECTOR,
14 BUT RATHER WHAT WE'RE TRYING TO DO IS ENHANCE
15 THEIR EFFORTS AND VICE VERSA AS WELL.

16 AS FAR AS THE FIRST QUARTER LOAN
17 APPLICATIONS, JUST TO BRIEFLY REPORT TO YOU THAT
18 WE RECEIVED FIVE LOAN APPLICATIONS FOR A TOTAL
19 DOLLAR AMOUNT OF \$2.65 MILLION. WE ARE IN THE
20 PROCESS OF REVIEWING THOSE APPLICATIONS RIGHT NOW,
21 AND WE WILL BE SCHEDULING A LOAN COMMITTEE MEETING
22 FOR FEBRUARY 25TH. AND WE'VE BEEN COMMUNICATING
23 WITH LOAN COMMITTEE MEMBERS ABOUT THAT UPCOMING
24 MEETING AS WELL.

25 AS FAR AS LOAN FUND STATUS, AS OF

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1 JANUARY 31ST, 52 LOANS WERE CLOSED IN THE AMOUNT
2 OF \$20.2 MILLION. AN ADDITIONAL FOUR ACTIVE LOAN
3 APPLICATIONS IN THE AMOUNT \$2.8 MILLION HAVE BEEN
4 APPROVED BY THE BOARD, BUT NOT YET CLOSED.
5 APPROXIMATELY \$16 MILLION REMAIN FOR LOANS THIS
6 FISCAL YEAR.

7 MAYBE JUST AS -- IF I CAN TAKE A
8 MOMENT, MR. CHAIRMAN, TO JUST FOLLOW UP MAYBE
9 BRIEFLY AND HIGHLIGHT A FEW ELEMENTS OF
10 YESTERDAY'S WORKSHOP TO LET YOU KNOW WHERE OUR
11 EFFORTS ARE GOING TO BE HEADING TOWARDS IN THE
12 COMING MONTH. WE HEARD AN AWFUL LOT OF GOOD
13 TESTIMONY YESTERDAY. JUST MAYBE SOME STATS TO
14 HELP YOU OUT.

15 THERE WERE 80 PARTICIPANTS AT
16 YESTERDAY'S WORKSHOP, SO THAT WELL EXCEEDED THE
17 NUMBER OF SIGNUPS THAT WE HAD ORIGINALLY HAD.
18 TWENTY OF THOSE PARTICIPANTS WERE ZONE
19 ADMINISTRATORS. SO WE RECEIVED A 50-PERCENT
20 PARTICIPATION RATE OF OUR ZONE ADMINISTRATORS HERE
21 IN SACRAMENTO. SO THERE WERE AN AWFUL LOT OF
22 ADMINISTRATORS WHO COULDN'T TRAVEL TO COME AND
23 PROVIDE THE BOARD WITH INPUT, AND SO I THINK THAT
24 REALLY IS VERY REPRESENTATIVE OF THE AMOUNT OF
25 INTEREST IN SEEING WHERE THIS PROGRAM GOES.

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1 THERE WAS AN AWFUL LOT OF TESTIMONY
2 RECEIVED, OR NOT TESTIMONY, BUT COMMENTS MADE, AND
3 I'D JUST BASICALLY LIKE TO HIGHLIGHT FOR YOU THREE
4 AREAS THAT THE BRANCH STAFF ARE GOING TO BE
5 WORKING ON BETTER UNDERSTANDING THE COMMENTS THAT
6 WERE RECEIVED, PERHAPS MAKING SOME FOLLOW-UP PHONE
7 CALLS TO TRY AND GET A BETTER SENSE.

8 THE THREE AREAS THAT WE HEARD A LOT
9 OF YESTERDAY WERE COMMUNICATION. AND I'D SAY THAT
10 FOR MYSELF, AS THE DEPUTY DIRECTOR OF THE PROGRAM,
11 THAT'S AN EXTREMELY IMPORTANT AREA FOR ME. I
12 HEARD AN UNDERLYING THEME OF COMMUNICATION IN
13 ALMOST ALL OF THE COMMENTS THAT WE RECEIVED. AND
14 SO WE'LL BE WORKING ON SOME POSSIBLE WAYS TO
15 ENHANCE THAT COMMUNICATION WITH OUR ADMINISTRA-
16 TORS.

17 THE STAFF IN THE BRANCH HAVE ALREADY
18 COME UP WITH SOME IDEAS PARALLELING SOME OF THE
19 FORUMS WE USE WITH OUR LEA'S, VERY SIMILAR. SIXTY
20 LEA'S APPROXIMATELY, 40 ZONE ADMINISTRATORS, SO
21 THERE'S PROBABLY A LOT OF IDEAS THAT WE CAN
22 PIGGY-BACK ONTO TO HELP US OUT IN THAT ARENA.

23 WE HEARD A LOT ABOUT CREDIT
24 UNDERWRITING, BUT SPECIFICALLY SOME VERY TARGETED
25 AREAS OF CREDIT UNDERWRITING, AND WE'LL BE LOOKING

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1 AT THOSE AREAS, EXPLORING SOME OPTIONS, TRYING TO
2 COME BACK WITH SOME THOUGHTS AND IDEAS ABOUT WHERE
3 WE CAN IMPROVE IN THAT AREA. AND WE HEARD A LOT
4 ABOUT WHAT THE ROLE OF THE LOAN COMMITTEE IS AND
5 POSSIBLY ENHANCING THEIR ROLE, LOOKING AT A WAY IN
6 WHICH THEIR EXPERTISE CAN BE PROVIDED TO BE ABLE
7 TO FURTHER OUR PROGRAM, POSSIBLY LEVERAGE OUR
8 RESOURCES IN A WAY TO GET US WHERE WE NEED TO BE.

9 JUST IN CLOSING MY DEPUTY DIRECTOR'S
10 REPORT, I'D JUST LIKE TO BRIEFLY SAY THAT THE ONE
11 THING THAT WE TRY TO DO A LOT IN THE LOAN PROGRAM
12 IS IT'S VERY IMPORTANT FOR US NOT TO BE ABLE TO
13 FOCUS ON A SINGLE APPLICANT AS BEING A BROAD
14 GENERALIZATION OF WHERE THE PROGRAM IS GOING. AND
15 SO WHAT WE'RE GOING TO TRY DO IS FOCUS ON SPECIFIC
16 APPLICANTS AND THEIR CONCERNS, BUT ALSO LOOK AT
17 THOSE APPLICANTS' CONCERNS IN A BROADER CONTEXT OF
18 HOW HAVE ALL OTHER APPLICANTS OR OTHER FUNDED
19 LOANS BEEN DEALT WITH. AND I THINK THAT'S
20 ESPECIALLY GOING TO BE SOMETHING WE'RE GOING TO BE
21 LOOKING AT IN THAT CREDIT UNDERWRITING CATEGORY
22 THAT I MENTIONED.

23 I THINK MR. CHANDLER MAY HAVE A FEW
24 WORDS.

25 MR. CHANDLER: I JUST WANTED TO

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1 ACKNOWLEDGE THE STAFF. CAREN DID A VERY GOOD JOB.
2 I KNOW THERE'S A NUMBER OF STAFF IN THE AUDIENCE.
3 AND I THINK IT WAS A WELL-ORGANIZED WORKSHOP WITH
4 A LOT OF POSITIVE HALLWAY COMMENTS, FEEDBACK FROM
5 PEOPLE, THAT IT SURFACED A LOT OF GOOD ISSUES. I
6 WISH I COULD HAVE PARTICIPATED A LITTLE BIT MORE
7 THAN I WAS ABLE TO DO, BUT WHAT I DID HEAR WAS
8 THAT -- I THINK MR. RELIS' OPENING REMARKS FRAMED
9 IT VERY WELL. WE'VE JUST SOLD A PORTFOLIO, WE'VE
10 JUST LEGISLATIVELY EXTENDED THE PROGRAM.

11 AND I THINK WE'RE AT A CROSSROADS
12 WHERE WE CAN REALLY SIT DOWN AND ASK OURSELVES NOW
13 STRATEGICALLY WHERE DO WE WANT THIS PROGRAM TO BE
14 POSITIONED, WHAT ROLES DO WE WANT TO PLAY, AND
15 WHAT ROLES DO WE SEE OTHERS FROM ZONE, FROM THE
16 ADMINISTRATORS TO OUR OWN STAFF TO OTHER LENDING
17 INSTITUTIONS PLAY. AND PERHAPS MORE IMPORTANTLY,
18 GET, AGAIN, THE CLEAR POLICY DIRECTION ON WHERE
19 YOU WANT TO SEE THE PROGRAM GO WITH RESPECT TO THE
20 KINDS OF LOANS WE PUT FORWARD OR ENCOURAGE FOR
21 MAXIMUM DIVERSION.

22 SO I'M LOOKING FORWARD AS WE CAN IN
23 THE MONTHS AHEAD TO GET MORE DIALOGUE WITH ALL OF
24 US TO ASSIST STAFF IN KIND OF SHAPING THE PROGRAM
25 IN THE DIRECTION YOU WANT TO SEE IT GO. I THINK

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1 STRATEGICALLY WE'RE AT A JUNCTURE WHERE WE NEED TO
2 DO THAT. THANK YOU, CAREN AND STAFF AND, PAUL,
3 FOR YOUR LEADERSHIP IN THIS. IT WAS A GOOD
4 WORKSHOP YESTERDAY.

5 MEMBER PENNINGTON: MR. CHAIRMAN, I WANT
6 TO REFLECT ON WHAT MR. CHANDLER SAID. I AGREE. I
7 WAS VERY IMPRESSED WITH THE STAFF WORK. I WAS
8 VERY PLEASED TO SEE THE TURNOUT AND THE
9 PARTICIPATION. I TOO AM SORRY THAT I WASN'T ABLE
10 TO BE HERE THROUGH THE ENTIRE THING.

11 WHAT I DID HEAR, THERE ARE A LOT OF
12 GOOD SUGGESTIONS OUT THERE THAT WE REALLY NEED TO
13 TAKE SERIOUSLY AND NEED TO FURTHER DEVELOP. AND I
14 THINK WE GOT SOME GOOD IDEAS IN TERMS OF DIREC-
15 TION. AND SO I THINK IT WAS A VERY WORTHWHILE
16 WORKSHOP, AND I COMPLIMENT THE STAFF FOR PUTTING
17 IT TOGETHER AND SUCH A GOOD JOB. AND I COMPLIMENT
18 THE ZONE ADMINISTRATORS FOR HAVING AS MANY PEOPLE
19 HERE HAVING THEIR INPUT INTO A PROGRAM THAT THEY
20 ARE BASICALLY CHARGED WITH IMPLEMENTING AT THE
21 LOCAL LEVEL.

22 MEMBER CHESBRO: I HAVE A NUMBER OF
23 THINGS TO SAY. WE HAVE AN AGENDA ITEM COMING UP,
24 SO I'LL HOLD THOSE TILL WE GET TO THE AGENDA ITEM.

25 CHAIRMAN RELIS: DO YOU HAVE MORE IN YOUR

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1 REPORT?

2 MS. TRGOVCICH: NO, THAT CONCLUDES MY
3 REPORT.

4 CHAIRMAN RELIS: THEN THAT COMPLETES THE
5 REPORT. WE'LL HAVE MORE TO SAY IN A FEW MINUTES.
6 LET'S MOVE INTO THE AGENDA THEN.

7 MS. TRGOVCICH: THE FIRST ON THE AGENDA
8 THIS MORNING IS CONSIDERATION OF THE REDESIGNATION
9 OF THE MERCED/ATWATER RECYCLING MARKET DEVELOPMENT
10 ZONE TO INCLUDE THE CITIES OF LOS BANOS, DOS
11 PALOS, LIVINGSTON, GUSTINE, AND REMAINING
12 UNINCORPORATED AREAS OF MERCED COUNTY. MARY FARR
13 OF THE ZONE ASSISTANCE SECTION WILL BE PRESENTING
14 THIS ITEM TODAY.

15 MS. FARR: GOOD MORNING, CHAIRMAN RELIS
16 AND COMMITTEE MEMBERS. AGAIN, THIS AGENDA
17 ADDRESSES THE REDESIGNATION OF THE MERCED COUNTY
18 RMDZ. THE CURRENT ZONE IS COMPRISED OF A SMALL
19 PORTION OF THE UNINCORPORATED AREAS AND THE CITIES
20 OF MERCED AND ATWATER. THE NEW EXPANDED ZONE
21 WOULD INCLUDE ALL THE INCORPORATED AREAS AND THE
22 CITIES OF LOS BANOS, DOS PALOS, LIVINGSTON, AND
23 GUSTINE.

24 THIS EXPANSION IS VERY IMPORTANT TO
25 THE COUNTY BECAUSE SINCE 1972 MERCED COUNTY AND

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1 ALL SIX INCORPORATED CITIES HAVE TAKEN A REGIONAL
2 APPROACH TO SOLID WASTE MANAGEMENT. SO THE
3 EXPANSION OF THE EXISTING ZONE TO ENCOMPASS THE
4 ENTIRE COUNTY WILL COMPLETE THE REGIONALIZATION
5 FOR ALL SOLID WASTE CONCERNS.

6 IN ADDITION, THE AREAS IN THE
7 EXPANSION HAS HIGHER POTENTIAL TO ATTRACT
8 BUSINESSES. FOR EXAMPLE, THE AIR FORCE BASE IS IN
9 THE NEW AREA, AND AS WELL AS THE VAST AGRICULTURAL
10 COMPOSTING OPERATION AND TIRE WASTE FACILITIES.

11 JERRY LAWRIE, THE ZONE ADMINISTRATOR
12 FOR MERCED COUNTY, WILL BE SPEAKING IN THEIR
13 BEHALF.

14 MERCED COUNTY AND ALL JURISDICTIONS
15 HAVE FULFILLED ALL REQUIREMENTS FOR FINAL
16 DESIGNATION. STAFF RECOMMENDS THAT THE COMMITTEE
17 RECOMMEND TO THE BOARD THE REDESIGNATION OF THE
18 MERCED COUNTY RMDZ. THANK YOU.

19 CHAIRMAN RELIS: THANK YOU VERY MUCH.
20 WE'LL NOW CALL ON JERRY LAWRIE TO SPEAK TO US
21 ABOUT WHATEVER IT IS YOU ARE GOING TO SPEAK TO US
22 ABOUT.

23 MR. LAWRIE: GOOD MORNING. FIRST OF ALL,
24 I'D LIKE TO THANK YOUR STAFF FOR THEIR ASSISTANCE,
25 THEIR GREAT ASSISTANCE THAT THEY'VE PROVIDED US,

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1 PARTICULARLY MARY FARR AND JOHN BLUE, FRAN
2 AGUILERA AND CALVIN YOUNG. THEY'RE VERY
3 PROFESSIONAL, AND THEIR ASSISTANCE HAS ALWAYS BEEN
4 VERY APPRECIATED.

5 MERCED COUNTY IS PREDOMINANTLY
6 RURAL, AND WE HAVE THE HIGHEST UNEMPLOYMENT RATE
7 IN THE CENTRAL VALLEY. AND BECAUSE OF THIS
8 LIMITED ECONOMIC DEVELOPMENT AND ACTIVITY, THERE
9 HAVE NOT BEEN ANY LOANS BROUGHT TO THE BOARD. AND
10 PRIMARILY THIS IS BECAUSE THERE'S BEEN VERY LITTLE
11 DEVELOPMENT, ECONOMIC DEVELOPMENT, IN THE COUNTY
12 IN THE PAST YEARS. IN FACT, OVER THE LAST DECADE,
13 ONLY THREE MANUFACTURING FACILITIES HAVE LOCATED
14 WITHIN THE ZONE.

15 THE EXISTING ZONE ACTIVITIES,
16 THOUGH, HAVE NOT BEEN -- WE HAVE CONTINUED TO
17 PROMOTE MARKET DEVELOPMENT OF RECYCLED MATERIALS.
18 SOME EXAMPLES OF THAT, WE OPERATE TWO LANDFILLS,
19 AND OUR RESOURCE RECOVERY OPERATIONS AT THOSE
20 LANDFILLS ARE CURRENTLY DIVERTING WOODWASTE TO
21 BIOMASS FACILITIES. WE'VE INCORPORATED A PROCESS
22 OF FIELD LEAD TESTING OF C&D WOODWASTE MATERIAL,
23 WHICH HAS ENABLED US TO SALVAGE TWO BIOMASS
24 FACILITIES, 85 PERCENT OF THE PAINTED WOOD THAT
25 TYPICALLY ARRIVED, THAT WAS HISTORICALLY

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1 LANDFILLED. BY ELIMINATING THE WOOD CONTAMINATED
2 OR THE LEAD CONTAMINATED WOOD, WE'VE BEEN ABLE TO
3 DIVERT THIS MATERIAL TO BIOMASS AND ALSO IT COULD
4 BE DIVERTED TO MULCHING OPERATIONS.

5 WE ARE CURRENTLY INVOLVED WITH AN
6 AGRICULTURAL OPERATION. IT'S A MULTIMILLION
7 DOLLAR BLUEBERRY GROWING EXPERIMENT IN THE CENTRAL
8 VALLEY. THE CHIPPED WOOD AND BRUSH THAT WE
9 GENERATE AT OUR LANDFILL IS USED IN THIS
10 EXPERIMENTAL OPERATION. IT HAS SOME GREAT
11 POTENTIAL OF USE OF ORGANIC MATERIALS IN THE
12 CENTRAL VALLEY IF THIS OPERATION IS SUCCESSFUL.

13 BLUEBERRIES REQUIRE A HIGH LEVEL OF
14 ORGANIC MATERIAL TO BE CONTINUOUSLY APPLIED TO THE
15 CROP. THE ROOTS GROW UP THROUGH -- THEY GROW UP
16 INTO ORGANIC MATTER RATHER THAN DOWN, AND SO YOU
17 HAVE TO ADD ORGANIC MATTER ON A REGULAR BASIS.
18 AND IF SUCCESSFUL, THIS HAS THE OPPORTUNITY OF
19 BEING A SIGNIFICANT USE FOR ORGANIC MATERIAL.

20 WE HAVE AN AGGRESSIVE INERT MATERIAL
21 RECYCLING FACILITY OPERATION AT THE LANDFILL, AND
22 WE ARE BEGINNING A CONSTRUCTION AND DEMOLITION
23 PROCESSING EXPERIMENT CURRENTLY WITH A PRIVATE
24 CONTRACTOR TO SEPARATE THESE MATERIALS. AND OUR
25 GOAL IS TO ELIMINATE C&D MATERIALS TOTALLY FROM

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1 LANDFILLING.

2 THE PRIVATE CONTRACTOR HAS EXTENSIVE
3 EXPERIENCE. HE'S BEEN INVOLVED IN LANDFILL MINING
4 EXPERIMENTS IN MODESTO AND CITY OF SACRAMENTO, AND
5 THIS HAS SOME REAL PROMISE.

6 A STAFF OF SEVEN PEOPLE AT OUR
7 RESOURCE RECOVERY OPERATIONS WAS RESPONSIBLE FOR
8 15 PERCENT OF THE DIVERSION COUNTYWIDE, SO THESE
9 RESULTS HAVE BEEN VERY SUCCESSFUL.

10 ONE OF THE DIFFICULTIES THAT RURAL
11 AREAS HAVE IS THEY DON'T GENERATE ENOUGH MATERIALS
12 TO ATTRACT PRIVATE OPERATIONS. (UNINTELLIGIBLE)
13 PRODUCTS HAS INVESTIGATED OUR AREA FOR INERT
14 PROCESSING AND C&D PROCESSING, AND THERE IS NOT
15 THE VOLUME THAT WOULD MAKE IT VIABLE FOR PRIVATE
16 FIRMS TO COME INTO OUR AREA AND OPERATE. SO AS A
17 RESULT, WE'VE HAD TO KIND OF CONDUCT THESE
18 OPERATIONS OURSELF BECAUSE THERE ISN'T A PRIVATE
19 SECTOR ALTERNATIVE.

20 THE EXPANDED ZONE POTENTIAL, I
21 THINK, IS TREMENDOUS. IT'S -- I THINK IT WILL GO
22 A LONG WAY TO MEET THE BOARD'S STRATEGY FOR THE
23 50-PERCENT DIVERSION MANDATE.

24 CURRENT OPERATIONS WITHIN THE
25 EXPANDED ZONE INCLUDE A COMPOSTING FACILITY

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1 ACCEPTING GREEN WASTE FROM A CITY OF 50,000
2 POPULATION. THIS RANCH RECEIVES THE GREEN WASTE,
3 GENERATES COMPOST, AND USES IT ON ITS OWN
4 PROPERTY. WITH -- THE ONLY EQUIPMENT THEY UTILIZE
5 OR HAVE HAD TO PURCHASE IS A SIMPLE FRONT LOADER,
6 AND OCCASIONALLY THEY RENT A TRAMMEL SCREEN FOR
7 SCREENING THE MATERIAL. AND THEY HAVE BEEN ABLE
8 TO DO THIS AT 40 PERCENT LESS COST THAN THAT CITY
9 WOULD INCUR IF THEY WERE TO SEND THAT MATERIAL TO
10 A REGIONAL COMPOSTING FACILITY.

11 I THINK EXAMPLES LIKE THIS HAVE
12 GREAT POTENTIAL IN RURAL AREAS WHERE ORGANIC
13 MATERIAL CAN BE PROCESSED ADJACENT TO COMMUNITIES
14 AND UTILIZED RIGHT ON SITE. IT'S ALSO EASY TO
15 PERMIT FACILITIES LIKE THIS SINCE TYPICALLY
16 AGRICULTURAL AREA ZONING REQUIREMENTS MAKE IT A
17 BY-RIGHT ISSUE IF THEY USE THE MATERIAL ON SITE,
18 AND THEY TYPICALLY QUALIFY FOR THE STANDARDIZED
19 PERMIT BECAUSE OF THEIR SMALL OPERATION.

20 CHAIRMAN RELIS: MAY I ASK WHAT THEY'RE
21 GROWING ON THAT PARTICULAR OPERATION.

22 MR. LAWRIE: ALMONDS, A NUMBER OF OTHER
23 CROPS. THEY HAVE REAL SANDY SOILS THERE, SO THEY
24 RECOGNIZE THE BENEFIT OF IT. THEY GET A PRODUCT
25 FOR MUCH CHEAPER, AND THE CITIES GET RID OF THEIR

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1 GREEN WASTE AT A MUCH LOWER COST.

2 ANOTHER OPERATION, VERY SMALL-SCALE
3 COMPOSTING OPERATION, TAKES ANOTHER CITY'S GREEN
4 WASTE AND MIXES IT WITH COTTON TRASH OR COTTON GIN
5 WASTE. MICROBES ARE ADDED TO THIS MATERIAL, AND
6 IT'S MARKETING IN SOUTHERN CALIFORNIA FOR BIO-
7 REMEDIATION EFFORTS IN PETROLEUM CONTAMINATED SOIL
8 PRODUCTS.

9 IN ADDITION, THIS RANCHER HELPED
10 DESIGN A WINDROW TURNING DEVICE THAT WORKS OFF THE
11 PTO DRIVES OF TRACTORS, WHICH ARE COMMON IN
12 AGRICULTURAL OPERATIONS, ALLOWING A VERY LOW COST
13 DEVICE TO BE PURCHASED BY RANCHERS THAT ENABLES
14 THEM TO DO WINDROW COMPOSTING.

15 WE'RE -- WE'VE ALSO ESTABLISHED A
16 COMPOSTING TASK FORCE MADE UP OF PRIMARILY THE
17 AGRICULTURAL COMMUNITY BECAUSE WE RECOGNIZE THAT
18 THIS -- THEIR BUYING OF ORGANIC MATERIAL IS
19 CRITICAL FOR US LOCALLY AND THE STATE.

20 THE EXPANDED ZONE HAS A PLASTICS
21 MANUFACTURING FACILITY THAT CURRENTLY
MANUFACTURES

22 PLASTIC LUMBER. THEIR RECENT NOONEY
MANUFACTURING

23 IN THE BAY AREA RECENTLY PURCHASED A
SIGNIFICANT

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24 AMOUNT OF THIS MATERIAL TO USE AS SPACERS IN
25 SHIPPING THEIR SUPPLIES. THEY'RE ALSO
NEGOTIATING

1 WITH THE PATENT HOLDERS THAT MAKE A MATERIAL
2 CALLED RUMBER, WHICH IS A COMBINATION OF CRUMB
3 RUBBER AND PLASTIC, TO MANUFACTURE IT FOR THEIR
4 WEST COAST MARKETING. THESE PEOPLE LACK MARKETING
5 EXPERIENCE, BUT TECHNICALLY THEY'RE VERY EXPERT,
6 AND SO WE'RE LOOKING FORWARD TO MARKETING
7 OPPORTUNITIES OF THE RMDZ AT THE BOARD HERE TO
8 ASSIST THIS COMPANY.

9 THERE'S ANOTHER FACILITY IN THE
10 EXPANDED ZONE WHICH HAS CURRENTLY FILED BOTH LOCAL
11 LAND USE AND PERMITS WITH THE BOARD AS A TIRE
12 FACILITY. THEY'RE CURRENTLY INVOLVED IN A WASTE
13 BOARD FUNDED PROJECT FOR A TIRE-DERIVED FUEL AT A
14 STOCKTON COGEN PLANT. THE TESTS SHOULD BE
15 CONDUCTED THIS MONTH. THEY HAVE PARTNERED WITH A
16 NATIONAL COMPANY CALLED WRI, WHICH IS THE LARGEST
17 TIRE SHREDDING COMPANY IN THE UNITED STATES, TO
18 PROVIDE THE FEEDSTOCK FOR THIS TEST BURN. IF TDF
19 BECOMES A WIDELY USED MATERIAL IN CALIFORNIA, THIS
20 COMPANY INTENDS TO MANUFACTURE OR PROCESS, RATHER,
21 TDF AT THEIR SITE.

22 THEIR HISTORICAL OPERATION HAS BEEN
23 THEY PROVIDED OVER A HUNDRED THOUSAND TONS A YEAR
24 TO THE ELNIDO (PHONETIC) BIOMASS FACILITY UNTIL
25 1994 WHEN IT WAS CLOSED DUE TO ELECTRICAL

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1 DEREGULATION. THEY HAVE A HISTORY OF PROVIDING
2 FUELS TO BIOMASS FACILITIES. THE EQUIPMENT AND
3 EVERYTHING IS ON SITE RIGHT NOW. THEY HAVE
4 LITERALLY A MILLION DOLLARS WORTH OF INFRA-
5 STRUCTURE DEVELOPED AT THE SITE, AND IT'S BEEN
6 SITTING IDLE SINCE 1994. SO THIS IS A PROMISING
7 VENTURE WITHIN THE EXPANDED ZONE.

8 IN CONCLUSION, I'D LIKE TO SAY THAT
9 THE EXPANDED ZONE, I THINK, WILL CONTRIBUTE TO THE
10 MARKET DEVELOPMENT GOALS OF THE BOARD. AND
11 BECAUSE IT'S IN A STRATEGIC LOCATION, WEST SIDE
12 COMMUNITIES ARE JUST LESS THAN AN HOUR'S DRIVE
13 FROM THE BAY AREA. WE HAVE LOW LABOR AND LAND
14 COSTS. AND I BELIEVE THAT WE WILL ENHANCE
15 CALIFORNIA'S MARKET DEVELOPMENT PROMOTION OF
16 RECYCLED MATERIALS IN THE FUTURE.

17 ANY QUESTIONS?

18 CHAIRMAN RELIS: THANKS FOR THE VERY
19 COMPLETE REPORT ON YOUR ZONE EFFORTS. AND ARE
20 THERE ANY QUESTIONS?

21 MEMBER CHESBRO: IT'S JUST REAL EXCITING
22 TO HEAR REPORTS FROM OUT THERE IN THE REAL WORLD,
23 OUT IN THE HINTERLANDS, ABOUT WHAT YOUR JURIS-
24 DICTIONS ARE DOING. SO THIS IS VERY INFORMATIVE.
25 THANKS.

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1 CHAIRMAN RELIS: OKAY. IS THERE A
2 MOTION?

3 MEMBER PENNINGTON: MR. CHAIRMAN, IN THE
4 SPIRIT OF BLUEBERRIES, I WILL MOVE THE ADOPTION OF
5 RESOLUTION 97-50, EXPANDING THE MERCED/ATWATER
6 RECYCLING MARKET DEVELOPMENT ZONE.

7 CHAIRMAN RELIS: OKAY. MOTION BY MR.
8 PENNINGTON, SECONDED BY MR. CHESBRO. WE'LL CALL
9 THE ROLL.

10 THE SECRETARY: MEMBER CHESBRO.

11 MEMBER CHESBRO: AYE.

12 THE SECRETARY: MEMBER PENNINGTON.

13 MEMBER PENNINGTON: AYE.

14 THE SECRETARY: CHAIRMAN RELIS.

15 CHAIRMAN PENNINGTON: AYE. AND CONSENT.

16 MEMBER PENNINGTON: SURE.

17 CHAIRMAN RELIS: CONSENT. THANK YOU VERY
18 MUCH.

19 NOW WE'LL TAKE UP ITEM 3.

20 MS. TRGOVCICH: ITEM 3, MR. CHAIRMAN, IS
21 CONSIDERATION OF CHANGES TO THE RECYCLING MARKET
22 DEVELOPMENT LOAN PROGRAM PURSUANT TO LOAN PROGRAM
23 WORKSHOP DISCUSSIONS WHICH WERE HELD YESTERDAY.

24 THIS ITEM WAS ORIGINALLY PUT ON THE AGENDA AS A
25 PLACEHOLDER ITEM IN FULL KNOWLEDGE THAT THE

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1 WORKSHOP THAT WAS BEING HELD TO PROVIDE INPUT ON
2 THE ISSUES RAISED JUST OCCURRED YESTERDAY. WE
3 WEREN'T QUITE SURE IF THE COMMITTEE WAS GOING TO
4 WANT TO HAVE A DISCUSSION ITEM OR ACTUALLY EVEN
5 PROVIDE DIRECTION THAT YOU FELT THAT YOU WERE
6 READY TO MOVE ON CERTAIN ASPECTS. SO IT WAS A
7 PLACEHOLDER. IT IS A CONSIDERATION ITEM, SO IT
8 CAN BE USED FOR BOTH DISCUSSION PURPOSES AS WELL
9 AS ACTION PURPOSES.

10 IF YOU WOULD LIKE, AND MAYBE AT THE
11 END OF THIS ITEM, DEPENDING UPON WHAT YOU CHOOSE
12 TO DO WITH IT, WE CAN FORWARD IT ON TO THE BOARD'S
13 AGENDA, AND THIS SAME ITEM WILL BE APPEARING ON
14 NEXT MONTH'S AGENDA AS WELL TO PROVIDE AN
15 OPPORTUNITY FOR FURTHER DISCUSSION AND FURTHER
16 ACTION.

17 CHAIRMAN RELIS: SINCE WE WERE ALL THERE,
18 I KNOW WE ALL HAVE THINGS TO SAY. SO WHY DON'T
19 I -- I'LL CALL ON MR. CHESBRO AND MR. PENNINGTON
20 AFTERWARDS, AND THEN WE'LL --

21 MEMBER CHESBRO: THANK YOU. I WANT TO
22 ECHO THE EARLIER COMMENTS. I THINK IT WAS A
23 TERRIFIC WORKSHOP, AND IT WAS VERY INFORMATIVE.
24 WE HAD GREAT SPEAKERS, AND STAFF DID A FANTASTIC
25 JOB. SO PLAUDITS ALL AROUND. VERY, VERY

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1 EFFECTIVE AND IMPRESSIVE.

2 I WAS ALSO VERY IMPRESSED WITH OUR
3 LOAN COMMITTEE MEMBERS. THIS WAS THE FIRST TIME
4 THAT I'D HAD A CHANCE TO SEE THEM AND HEAR THEM
5 BEYOND JUST IN PASSING, JUST MEETING THEM. AND
6 SEEMS OBVIOUS TO ME THAT WE HAVE, AT LEAST SOME OF
7 THE MEMBERS, I DIDN'T MEET ALL OF THEM, BUT THE
8 ONES THAT I MET ARE INTERESTED IN MUCH MORE THAN
9 JUST SHOWING UP FOR THEIR SCHEDULED MEETING AND
10 GOING THROUGH A QUICK REVIEW AND GOING OFF TO
11 THEIR OTHER BUSINESS. THEY'RE VERY INTERESTED IN
12 OUR PROGRAM, AND THAT TO ME WAS EXCITING. AND IT
13 MEANT THAT WE HAVE AN ADDITIONAL OUTSIDE RESOURCE
14 ON A BASICALLY VOLUNTEER BASIS AVAILABLE TO US TO
15 ASSIST US IN OUR PROCESS THAT REALLY OUGHT TO BE
16 UTILIZED. SO OVERALL I FOUND THEM VERY
17 IMPRESSIVE.

18 I HEARD A NUMBER OF PEOPLE USE THE
19 TERM THAT WAS REAL DISTURBING, CLOSED DOORS,
20 REFERRING TO A PERCEPTION OR REALITY, AND I
21 HAVEN'T CONCLUDED WHAT COMBINATION OF THOSE TWO
22 IT
23 IS. I'M SURE IN SOME CASES IT'S A PERCEPTION
AND
23 OTHER CASES IT MAY HAVE BEEN MORE CLOSER TO A
REAL

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24 REALITY, THAT THERE WAS A VERY EARLY ON

REJECTION

25 OF LOAN APPLICATIONS THAT HAS TAKEN PLACE. AND

1 THAT WAS PRETTY DISTURBING TO ME.

2 I HAD A CHANCE ABOUT A YEAR AND A
3 HALF AGO TO GO TO A NATIONAL DEVELOPMENT COUNCIL
4 LOAN PROCESSING TRAINING. AND MANY OF OUR STAFF
5 HAD TAKEN IT, AND THE BOARD HAD PAID FOR ZONE
6 ADMINISTRATORS TO TAKE IT, SO I DECIDED IT WOULD
7 BE INTERESTING TO GO THROUGH. I THINK YOU DID
8 TOO.

9 CHAIRMAN RELIS: I DIDN'T TAKE IT.

10 MEMBER CHESBRO: I KNOW YOU ARE AWARE OF
11 THAT PROGRAM. AND THE THING THAT WAS EMPHASIZED
12 THROUGHOUT THAT FOUR-DAY WORKSHOP WAS HOW TO MAKE
13 A LOAN A GOOD LOAN, NOT HOW TO REJECT A BAD LOAN.
14 IT WASN'T JUST THE QUESTION -- I MEAN THERE'S A
15 TACIT ACKNOWLEDGEMENT THAT IT'S YOUR JOB TO
16 PROTECT YOUR RESOURCES THAT YOU'RE RESPONSIBLE
17 FOR, BUT THERE'S DIFFERENT WAYS TO DO THAT. AND
18 CERTAINLY THERE ARE SOME LOANS THAT YOU ARE GOING
19 TO REJECT OUT OF HAND, BUT IN MANY CASES THERE ARE
20 OPPORTUNITIES TO ASSIST IN PUTTING TOGETHER THE
21 RIGHT COMBINATION OF FUNDING SOURCES AND PARTICI-
22 PANTS TO MAKE A LOAN A GOOD LOAN.

23 AND WHAT APPEARS TO ME TO, AT LEAST
24 FROM THE INPUT YESTERDAY, THAT WE MAYBE HAVEN'T
25 DONE ENOUGH OF IS TO KIND OF GET INTO THAT FRAME

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1 OF MIND OF HOW DO WE MAKE GOOD LOANS, NOT JUST HOW
2 DO WE AVOID BAD ONES. AND SO IN GENERAL THAT'S
3 WHAT I WOULD LIKE TO SEE US PURSUE.

4 I HEARD FROM LOAN COMMITTEE MEMBERS
5 AND OTHERS THAT THE LOAN COMMITTEE NEEDS TO SEE
6 MORE LOANS. THEY'RE A GREAT RESOURCE. AND EVEN
7 THOUGH I THINK STAFF HAS A VERY IMPORTANT ROLE IN
8 DOING THE PRELIMINARY WORK AND GETTING IT BEFORE
9 THE COMMITTEE, WE NEED TO BE ABLE TO RELY ON THE
10 COMMITTEE MORE FOR THEIR JUDGMENT AND THEIR
11 CREATIVE CONTRIBUTION AS A RESOURCE TO HELPING TO
12 PUT TOGETHER OR ADVISE STAFF AND THE APPLICANTS IN
13 HOW -- WHAT ADDITIONAL THINGS WE CAN DO TO MAKE IT
14 A GOOD LOAN.

15 IF THEY RECOMMEND AGAINST THE LOAN,
16 THAT'S NOT THE END OF THE WORLD. SO WHAT? YOU
17 KNOW, I MEAN I DON'T THINK STAFF HAS TO BE AFRAID
18 OF BRINGING A LOAN THAT THE COMMITTEE SAYS NO TO.

19 WHEN WE CREATED THE COMMITTEE, WE
20 CREATED THE COMMITTEE TO BE ESSENTIALLY OUR
21 CONSERVATIVE REVIEW, OUR FISCALLY CONSERVATIVE
22 REVIEW. BUT I HEARD THE COMMITTEE MEMBERS SAYING
23 THAT THEY THINK WE'RE BEING TOO CONSERVATIVE. SO
24 THE CONSERVATIVE REVIEW PEOPLE ARE TELLING
US THAT

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25 WE'RE BEING TOO CONSERVATIVE. SO I THINK WE

1 SHOULD TAKE THEIR ADVICE TO HEART. I'M NOT
2 PROPOSING THAT WE TAKE SPECIFIC ACTIONS THIS
3 MORNING ABOUT WHAT TO DO ABOUT THAT, BUT I THINK
4 THAT THE MESSAGE WAS THERE.

5 ONE SPECIFIC EXAMPLE THAT I LEARNED
6 A LOT ABOUT YESTERDAY WAS THE DIFFERENCE BETWEEN
7 SECURED AND UNSECURED GUARANTEES. NOW, I HAD BEEN
8 UNDER THE IMPRESSION, BASED ON INFORMATION
9 RECEIVED IN THIS PROCESS IN THE PAST, THAT THE
10 PUBLIC INDUSTRY STANDARD IS TO REQUIRE A SECURED
11 PERSONAL GUARANTEE. BUT AFTER YESTERDAY,
12 YESTERDAY I ASKED BOTH ROXANNE MIDDLETON AND JIM
13 BAIRD, AND BOTH REPLIED THAT IT IS NOT THE PUBLIC
14 INDUSTRY STANDARD TO REQUIRE A SECURED GUARANTEE.
15 THE NORM IS UNSECURED GUARANTEES LARGELY BECAUSE
16 OF THE COST OF LIQUIDATING AND RECOUPING LOSSES.

17 AND SO THE EMPHASIS PROBABLY OUGHT
18 TO BE MORE ON IS IT A GOOD LOAN THAN ON WHAT YOU
19 ARE GOING TO DO IF IT'S NOT A GOOD LOAN, HOW
20 YOU'RE GOING TO, YOU KNOW, RECOUP YOUR LOSSES.
21 NOT TO SAY THAT WE SHOULDN'T, YOU KNOW, PROTECT
22 OURSELVES FROM BAD LOANS, BUT IT'S TO SAY THAT WE
23 MAY BE MAKING A MISTAKE BY FOCUSING TOO
24 CONSERVATIVELY ON THAT END AND NOT AS MUCH ON
25 WHETHER THE BUSINESS IS A VIABLE BUSINESS.

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1 SO I THINK WE NEED TO REVIEW THE
2 QUESTION OF THOSE COLLATERAL REQUIREMENTS AND WHAT
3 IS THE INDUSTRY STANDARD AND WHAT IS THE BEST WAY
4 TO GO ABOUT THAT.

5 AND FINALLY, IT SEEMS CLEAR TO ME
6 THAT THERE IS A NEED FOR FUNDING FOR SO-CALLED
7 RISKIER BUSINESSES. AND THE BEST VEHICLE APPEARS
8 TO BE AVAILABLE FOR THAT FROM THE INFORMATION WE
9 HAVE NOW IS THE CALCAP PROGRAM. AND SO WE NOW
10 HAVE LEGISLATIVE AUTHORIZATION. ONE OF THE
THINGS

11 I WOULD HOPE WE WOULD DO IS GIVE STAFF DIRECTION
12 TO TAKE STEPS TO BEGIN TO ACTIVATE THAT OPTION
SO
13 THAT WE COULD BE ADDRESSING ANOTHER ONE OF THOSE
14 GAPS IN THE MARKETPLACE THAT WILL HELP GET SOME
OF
15 THESE BUSINESSES OFF THE GROUND.

16 THOSE ARE SOME OF MY THOUGHTS. I
17 HAVE SOME FURTHER THOUGHTS ONCE WE'VE ALL TALKED
18 ABOUT WHAT WE OUGHT TO DIRECT STAFF TO DO. I'LL
19 HOLD OFF ON THOSE FOR THE MOMENT.

20 MEMBER PENNINGTON: I, OF COURSE, MADE
MY
21 EARLIER COMMENTS DIRECTED ABOUT I THOUGHT THE
22 WONDERFUL JOB THE STAFF DID AND THE

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PARTICIPATION

23 FROM THE ZONE ADMINISTRATORS AND THE PUBLIC AT
24 LARGE.
25 AND I AGREE THAT I THINK THAT IT'S
A

1 VERY FINE LINE BETWEEN OUR FIDUCIARY RESPONSIBI-
2 LITIES AND OUR PROGRAM RESPONSIBILITIES. AND I
3 THINK THAT WE, THOUGH, NEED TO DIRECT OURSELVES TO
4 LOOK MORE AT OUR PROGRAM RESPONSIBILITIES IN TERMS
5 OF RISK THAT WE TAKE. WE'RE IN AN AREA THAT IS A
6 NEW EMERGING AREA; SO, THEREFORE, THE RISK IS
7 GOING TO BE A LITTLE GREATER. AND I THINK WE NEED
8 TO ACCEPT THAT AND MOVE INTO THAT DIRECTION MORE.

9 I THINK THERE IS SO MUCH
10 INFORMATION, THAT IT WILL TAKE US A LITTLE WHILE
11 TO SORT THROUGH WHAT THEY WERE SAYING. AND I
12 WOULD ALSO AGREE THAT THE LOAN COMMITTEE IS GREAT.
13 I WORKED WITH JIM BAIRD IN HOUSING, AND HE WAS ON
14 OUR ECONOMIC DEVELOPMENT COMMITTEE THAT WORKED
15 WITH OUR \$10 MILLION ECONOMIC DEVELOPMENT SET
16 ASIDE. SO I KNOW HIS WORK AND I KNOW HIM WELL,
17 AND I APPRECIATE THAT HE'S ON OUR COMMITTEE HERE
18 TOO. SO I'M LOOKING FORWARD TO MOVING FORWARD
19 HERE, PURSUING SOME OF THESE THINGS.

20 MS. TRGOVCICH: MR. CHAIRMAN AND MEMBERS,
21 I THINK THAT WE MAY BENEFIT FURTHER AS WELL FROM
22 PERHAPS COMING IN AND MEETING WITH EACH OF YOU
23 INDIVIDUALLY ON THE PORTFOLIO ITSELF AND SOME OF
24 THE SPECIFICS AROUND THE LOAN. I TOO HEARD AN
25 AWFUL LOT OF GOOD COMMENTS AND SUGGESTIONS

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1 YESTERDAY, BUT I THINK TOO, BECAUSE OF THE
2 SITUATION WHERE WE HAD 80 PEOPLE IN A ROOM AND FOR
3 LIABILITY PURPOSES WE COULDN'T DISCLOSE SPECIFIC
4 ASPECTS OF EACH AND EVERY LOAN IN TERMS OF WHAT
5 THE DEALS LOOK LIKE. I CAN TELL YOU THAT ONE OF
6 THE MOST RECENTLY FUNDED LOANS THAT YOU JUST
7 UNDERTOOK CONTAINED AN UNSECURED PERSONAL
8 GUARANTEE. AND THERE ARE MANY OTHERS. IN FACT, I
9 THINK IT'S OKAY IN THIS SETTING TO SAY IT WAS
10 GROVER, IN FACT.

11 SO, YOU KNOW, I THINK THAT WHAT
12 HAPPENS IS THAT A LOT OF TIMES WE DO SEE BROAD
13 GENERALIZATIONS. WE MAY SAY ON FIRST BLUSH, NOT
14 SEEING ANY FINANCIAL INFORMATION FROM AN
15 APPLICANT, NOT KNOWING ANYTHING ABOUT THEIR CREDIT
16 HISTORY OR THEIR ASSETS OR ANYTHING IN THAT REGARD
17 IN TERMS OF THEIR BUSINESS, WE MAY SAY THAT IN A
18 WORST-CASE SCENARIO, IT WOULD BE A SECURED
19 GUARANTEE, NOT KNOWING WHAT THEIR COLLATERAL WOULD
20 LOOK LIKE, IF IT WOULD BE SUFFICIENT OR WHATEVER.
21 BUT THAT'S ALL PART OF THAT CREDIT ANALYSIS THAT
22 WE HEARD SO MUCH ABOUT YESTERDAY WHERE WE LOOK AT
23 BALANCING, WEIGHING THAT PROGRAM RETURN WITH WHAT
24 WE SEE IN TERMS OF THE FINANCIAL INFORMATION
25 COMING FORWARD.

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1 SO I'D LIKE TO OFFER AS WELL COMING
2 INTO EACH OF YOUR OFFICES AND MAYBE GOING OVER
3 INDIVIDUALLY WITH YOU HOW SOME OF THESE DEALS LOOK
4 IN TERMS OF HOW THEY'RE STRUCTURED. I THINK THERE
5 MAY BE SOME VALUE IN PROCEEDING ALONG THOSE LINES.
6 AND I KNOW THAT ANOTHER ONE OF THE COMMENTS MADE
7 YESTERDAY WAS IN TERMS OF THE LENGTH OF TIME IT
8 TAKES TO PROCESS A LOAN.

9 I CAN GUARANTEE YOU, BASED UPON THE
10 MEETINGS THAT I'VE HAD WITH MANY OF THE STAFF
11 AROUND THE SPECIFIC APPLICATIONS THAT COME IN AND
12 PRIOR TO THE APPLICATIONS WHERE WE JUST HEAR OF A
13 BUSINESS, MAKE CONTACT WITH THEM, THAT THIS MUCH
14 OF THAT TIME, THOSE SIX MONTHS, EIGHT MONTHS, TEN
15 MONTHS, IS WORKING ON STRUCTURING THE DEAL AND
16 MAKING IT A GOOD DEAL SO WE CAN BRING IT FORWARD.

17 SO THAT IF THEY NEED \$5 MILLION
18 WORTH OF FUNDING, AND WE CAN ONLY PROVIDE UP TO
19 THAT ONE MILLION MAX, WE CAN WORK WITH THEM ON
20 FINDING THOSE OTHER OPTIONS. SO I WOULD LOOK
21 FORWARD TO THE OPPORTUNITY, BUT I DO AGREE. THERE
22 ARE LOT OF OPPORTUNITIES OUT THERE, WAYS THAT WE
23 CAN IMPROVE THOSE FUNCTIONS.

24 I JUST WANTED TO TAKE AN OPPORTUNITY
25 TO ACKNOWLEDGE WHAT I THINK ARE THE VERY HARD

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1 EFFORTS OF STAFF TO BE ABLE TO WORK TO THE EXTENT
2 THAT THEY CAN RIGHT NOW ALONG THOSE LINES OF
3 STRUCTURING A DEAL TO MAKE IT A GOOD DEAL TO BRING
4 IT FORWARD. I THINK A LOT OF TIME GOES INTO THAT,
5 AND I WANT TO ACKNOWLEDGE THAT.

6 MEMBER PENNINGTON: I THINK YOU ARE
7 ABSOLUTELY RIGHT. THERE IS A LOT OF TIME SPENT ON
8 TRYING TO DEVELOP GOOD DEALS. AND CERTAINLY MY
9 DISCUSSION ABOUT RISK IS NOT NECESSARILY POINTED
10 AT SAYING, "GEE. LET'S THROW CAUTION TO THE WIND
11 AND JUST HAND BAGS OF MONEY OUT." BUT I DO THINK
12 THAT WE DO NEED TO, AGAIN, AS I SAID, LOOK AT THE
13 PROGRAM OBJECTIVES AND TRY TO APPLY THAT AS WELL
14 AS OUR FIDUCIARY RESPONSIBILITIES.

15 CHAIRMAN RELIS: I'D LIKE TO SAY FEW
16 WORDS AS WELL. ON THE MATTER OF -- I WOULD HAVE A
17 CONCERN IF THERE WAS A PERCEPTION ABOUT CLOSED
18 DOORS. I'M NOT SURE -- I THINK THERE WERE SOME
19 COMMUNICATION ISSUES AROUND THAT, SO I'LL BE EAGER
20 TO HEAR MORE ON THAT ISSUE.

21 ON THE MATTER OF RISK, IN REVIEWING
22 THE STAFF REPORT AND THEN HEARING THE DISCUSSION,
23 IT SEEMED TO ME, THIS IS JUST ONE MEMBER'S VIEW,
24 THAT WE ARE CURRENTLY ENGAGED IN A FAIRLY HIGH
25 DEGREE OF RISK, MORE SO THAN I THOUGHT, PERHAPS.

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1 AND I'M NOT SAYING THAT TO THE POINT OF, WELL, WE
2 SHOULDN'T INCUR MORE RISK. BUT I'M INTERESTED IN
3 UNDERSTANDING THAT A LITTLE MORE AS WE PROCEED
4 INTO THE NEXT PHASE.

5 HAVE WE REALLY TAKEN ON A HIGH
6 DEGREE OF RISK? HOW MANY OF THOSE LOANS ON WATCH,
7 WHICH WE DIDN'T DISCUSS AT ANY LENGTH, ARE LIKELY
8 TO BECOME MORE THAN JUST WATCH MATTERS, BUT REAL
9 TROUBLE. AND THEN AS THE -- A COUPLE OF THE
10 COMMITTEE MEMBERS ALLUDED TO, WE'VE NEVER REALLY
11 GONE DOWN THE ROAD OF RECOVERY OF ASSETS OR
12 WHATEVER WE'RE GOING TO BE SEEKING, COLLATERAL.
13 WHAT IS THAT GOING TO ENTAIL?

14 IN THE AREA OF -- SO THIS MATTER OF
15 RISK IS, I THINK, ONE FOR CONSIDERABLE DELIBERA-
16 TION. WE NEED TO KNOW AS MUCH ABOUT THE WAY THE
17 PROGRAM IS CURRENTLY WORKING IN THAT REGARD AS A
18 BASIS FOR TAKING OUR NEXT STEP. BUT THE FACT
19 REMAINS, JUST LOOKING AT THE THREE-YEAR TIMETABLE,
20 LOOKING AT OUR TASK AT HAND, SOMEWHERE BETWEEN 25
21 AND A HUNDRED LOANS SHOULD BE MADE IF WE'RE GOING
22 TO MOVE THIS MONEY OUT OF OUR SYSTEM. THAT'S HOW
23 MANY LOANS IT WOULD BUY FOR US. AND THAT'S A
24 TREMENDOUS INCREASE OVER WHAT WE'RE DOING.
25 AND I HEARD THAT THE LOAN COMMITTEE

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1 AS WELL IS INTERESTED IN SEEING LOANS THAT MAY NOT
2 BE AS FULLY BAKED AS WE HAVE BEEN REQUIRING OF
3 THEM AT THIS POINT. AND IN MY VIEW IF THEY'RE
4 WILLING TO HEAR SOME, WE MIGHT WANT TO SET UP A
5 SYSTEM WHEREBY IF WE'RE ON A MONTHLY PROCESS,
6 WHICH IS A GREAT IMPROVEMENT, MAYBE SOME OF THE
7 LOANS THAT WOULD COME BEFORE THEM WOULDN'T BE
FOR
8 ACTION, BUT FOR INFORMATION AND WORK, AND THEN
AN
9 INDICATION OF WHETHER THEY COULD GO FORWARD AS
A
10 WAY OF GETTING MORE LOANS IN THE SYSTEM. AND
THE
11 COMMITTEE DOESN'T APPARENTLY FEEL AT ALL
CONCERNED
12 ABOUT THEIR WORKLOAD. I MEAN IF IT WERE TO
13 INCREASE, THEY WOULD IN FACT BE HAPPY.
14 AND I FEEL VERY CONFIDENT THAT
THEY
15 WILL MAKE VERY PRUDENT DECISIONS ON THE RISK
AND
16 THE VIABILITY OF THE BUSINESS. SO I WAS
HEARTENED
17 BY THAT.

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18 I THINK THAT -- I'M GLAD STEVE
JONES

19 CAME IN BECAUSE WE HAD A LITTLE SIDE
CONVERSATION.

20 I'M HOPING THAT WE CAN LINK MORE OF THESE
FLEDG-

21 LING COMPANIES WITH THE WASTE AND RECYCLING
22 SECTOR, WHICH STEVE IS REPRESENTING ON THE
BOARD,

23 BECAUSE THESE ARE COMPANIES THAT HAVE
SUBSTANTIAL

24 RESOURCES, BUSINESS SKILLS, AND HAVE THE
25 REQUIREMENT UNDER AB 939 AS BEING THE
CONTRACTOR

1 FOR THE CITIES AND COUNTIES. AND SO I SOMEHOW
2 HAVE TO THINK THAT THERE HAVE TO BE MORE LOAN
3 BRIDGES TO THE CURRENT WASTE INDUSTRY WORKING IN
4 PARTNERSHIP WITH THE RECYCLERS.

5 I DON'T KNOW EXACTLY HOW TO DO THAT.
6 I'M GLAD THAT WE HAVE AN INDUSTRY MEMBER WHO CAN
7 HELP US FIGURE OUT AND BRING THAT MESSAGE TO THE
8 INDUSTRY BECAUSE IF WE COULD ACCELERATE THAT
9 PROCESS, WE WOULD HAVE BOTH A HIGH PROBABILITY OF
10 SUCCESS, AND WE COULD POTENTIALLY GET A
11 SUBSTANTIAL NEW MARKET BECAUSE THEY NEED THOSE
12 MARKETS. AND WE NEED THEIR -- WE NEED THEIR
13 FINANCIAL WEIGHT, I GUESS, TO PERHAPS MAKE SOME
14 OF
15 THESE LOANS VIABLE THAT WOULD OTHERWISE PERHAPS
16 NOT BE.

17 SO ALSO I THOUGHT THE DISCUSSION ON
18 THE CPCFA'S PROGRAM, THE CALCAP PROGRAM, IS A
19 TIMELY ONE. AND IN FACT, I WOULD LIKE TO SUGGEST
20 THAT WE TODAY ACT ON THAT ONE AND MOVE IT TO
21 STAFF
22 FOR -- AND TO THE BOARD FOR CONSIDERATION AS A
23 MATTER.

24 MEMBER PENNINGTON: ARE YOU MOVING THAT?

25 CHAIRMAN RELIS: WELL, I HAVE SOME

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24 LANGUAGE. AND IF I COULD JUST --
25 MEMBER CHESBRO: I'D BE HAPPY TO MOVE
IT,

1 BUT I HAVE OTHER THINGS I WANT TO TACK ONTO IT IF
2 THE OTHER COMMITTEE MEMBERS AGREE.

3 CHAIRMAN RELIS: PLEASE.

4 MEMBER CHESBRO: YOU WANT TO READ YOURS?

5 CHAIRMAN RELIS: WELL, WHAT I HAVE IS
6 THAT WE WOULD DIRECT STAFF TO WORK WITH THE CPCFA,
7 CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY,
8 TO DEVELOP A DETAILED PROPOSAL FOR COMMITTEE AND
9 BOARD CONSIDERATION REGARDING CIWMB PARTICIPATION
10 IN THE CALCAP PROGRAM, INCLUDING DETAILS ON
11 BUSINESS ELIGIBILITY CRITERIA AND INTERNAL CIWMB
12 APPROVAL PROCESSES.

13 THAT'S THE --

14 MEMBER CHESBRO: I'LL MOVE THAT AND ADD
15 THESE OTHERS SUBJECT TO YOUR RESPONSE. THE SECOND
16 ONE WOULD BE TO DIRECT STAFF WITH INPUT FROM THE
17 LOAN COMMITTEE MEMBERS TO PREPARE AN ITEM FOR THE
18 COMMITTEE TO REVIEW THE REQUIREMENTS FOR SECURED
19 PERSONAL LOAN GUARANTEES. I'M NOT CASTING
20 JUDGMENT ON WHAT THE OUTCOME OF THAT IS. IT'S
21 JUST TO WORK ON AN ITEM REVIEWING THE QUESTION.

22 AND THEN, FINALLY, REVIEW POSSIBLE
23 PROCEDURAL CHANGES TO BRING MORE LOANS BEFORE THE
24 LOAN COMMITTEE.

25 MEMBER PENNINGTON: I'LL SECOND THOSE.

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1 CHAIRMAN RELIS: SO DO WE HAVE, THEN, ALL
2 THREE IN THIS BECAUSE --

3 MEMBER CHESBRO: ALL THREE OF THEM IF
4 THAT'S OKAY WITH YOU.

5 CHAIRMAN RELIS: OKAY. ARE YOU CLEAR
6 ON -- DID WE GET THOSE ALL DOWN?

7 THE REPORTER: WE GOT THOSE ALL DOWN.

8 MEMBER CHESBRO: TRANSLATE THE SCRIBBLES
9 INTO TYPE LATER ON.

10 CHAIRMAN RELIS: AND YOU HAVE YOUR NOTES.
11 SO WE HAVE A THREE-PART MOTION, I GUESS, BEFORE
12 US. IS THERE A SECOND?

13 MEMBER PENNINGTON: YES, I SECOND IT.

14 CHAIRMAN RELIS: OKAY. IT'S MOVED AND
15 SECONDED. WE'LL CALL THE ROLL.

16 THE SECRETARY: MEMBER CHESBRO.

17 MEMBER CHESBRO: HERE.

18 THE SECRETARY: MEMBER PENNINGTON.

19 MEMBER PENNINGTON: AYE.

20 THE SECRETARY: CHAIRMAN RELIS.

21 CHAIRMAN RELIS: AYE.

22 WELL, FURTHER BUSINESS.

23 MEMBER CHESBRO: LET ME MAKE ONE MORE

24 COMMENT ON IT BEFORE WE LEAVE IT, AND THAT IS THAT
25 WHAT I HEARD THE LOAN COMMITTEE MEMBERS REPEATEDLY

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1 YESTERDAY REFER TO PUBLIC LENDING INDUSTRY
2 STANDARDS. AND I THINK ONE OF THE THINGS WE MIGHT
3 WANT TO DO IN THIS PROCESS OF LOOKING AT THESE
4 DIFFERENT ITEMS IS JUST TRY TO COMPARE SUCH
5 THINGS, FOR EXAMPLE, AS THE WATCH LIST AND THE
6 POTENTIAL LOSS RATE, HOW WE COMPARE TO OTHER
7 PUBLIC LENDING PROCESSES.

8 I THINK WHAT WE NEED TO HAVE -- I
9 NEED TO HAVE AN IDEA OF IS HOW OUR PROCEDURES AND
10 OUR TRACK RECORD SO FAR COMPARES WITH OTHER PUBLIC
11 LENDERS. AND THAT WOULD GIVE US A CONTEXT OF WHAT
12 THE STANDARDS SHOULD BE BECAUSE NOT BEING A PERSON
13 WHO'S BEEN IN THAT INDUSTRY AT ALL, IT'S REAL HARD
14 FOR ME TO JUDGE WHAT'S REASONABLE. THAT'S WHY
15 WHEN PEOPLE WHO ARE IN THE INDUSTRY, SUCH AS OUR
16 LOAN COMMITTEE MEMBERS GET UP AND SPEAK, IT GETS
17 MY ATTENTION BECAUSE -- BUT I THINK THAT HAVING
18 SOME CONTEXT WOULD BE HELPFUL IN TERMS OF
19 COMPARING IT TO THE OTHER PUBLIC LOAN PROGRAMS.

20 CHAIRMAN RELIS: YOU MEAN LIKE THE LEVEL
21 OF LOSS OR THE --

22 MEMBER CHESBRO: WELL, YEAH, WHAT THE
23 LEVEL OF LOSS IS AND WHAT -- HOW OUR STANDARDS
24 COMPARE IN TERMS OF THE KINDS OF REQUIREMENTS THAT
25 WE'RE PLACING ON LOANS, YOU KNOW.

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1 CHAIRMAN RELIS: WELL, I THINK THIS WHOLE
2 DEBATE BETWEEN THE PROGRAMMATIC SIDE, WE PROBABLY
3 COULD USE A LOT MORE DISCUSSION ON THAT AND THEN,
4 HOPEFULLY, THROUGH THESE DISCUSSIONS, WE'LL HAVE A
5 CLEARER RECKONING BETWEEN OUR COMFORT LEVEL
6 BETWEEN THE PROGRAMMATIC OBJECTIVE AND THE LEVEL
7 OF RISK THAT WE'RE WILLING TO INCUR. HAVING COME
8 OUT OF A NONPROFIT AND BUILT A NONPROFIT, I WAS
9 USED TO RISK TAKING, BUT IN THE FIDUCIARY ROLE OF
10 STATE RESOURCES, LIMITED STATE DOLLARS, I'VE BEEN
11 RATHER CAUTIOUS ABOUT THAT. AND I PROBABLY NEED
12 TO BE BROUGHT ALONG A LITTLE FURTHER.

13 MEMBER PENNINGTON: THERE IS A LEVEL
14 THERE WHERE, YOU KNOW, BEING PUBLIC MONEY, WE HAVE
15 A FIDUCIARY RESPONSIBILITY TO THE TAXPAYER TO BE
16 PRUDENT WITH THEIR MONEY, BUT THE PROGRAM IS SET
17 UP TO HELP AN INDIVIDUAL OR A GROUP OF PEOPLE AND
18 INDUSTRY OR IN THE CASE OF HOUSING, LOW INCOME
19 PEOPLE, AND THOSE KINDS OF THINGS. AND IN ORDER
20 TO MEET THAT, YOU MAY HAVE TO FACE A LITTLE
21 GREATER RISK. AND I THINK IT'S A GIVEN WHEN THEY
22 CREATE -- WHEN THE LEGISLATURE CREATES THESE KINDS
23 OF PROGRAMS, THAT THERE IS A GREATER RISK. IT'S
24 CREATED NOT TO COMPETE WITH THE COMMERCIAL BANK
25 AND LENDING INDUSTRY, BUT TO AID IN DEVELOPING A

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1 PROGRAM.

2 SO THAT'S WHY I TALK ABOUT PROGRAM
3 OBJECTIVES THAT WE HAVE TO LOOK AT AS WELL AS OUR
4 FIDUCIARY RESPONSIBILITIES. YOU KNOW, COMMERCE
5 LOANS, HOUSING LOANS AND THE ECONOMIC DEVELOPMENT
6 THING, AND, YOU KNOW, THEY WRESTLED WITH HAVING
7 COLLATERAL AND HAVING THE LOANS COLLATERALIZED AND
8 THOSE THINGS. NATURALLY IN THE HOUSING AREA, YOU
9 HAD A HOUSE. YOU BUILT AND YOU CAN TAKE THAT
10 HOUSE AND THEY'RE USED TO SELLING. WE'RE NOT
11 THERE.

12 AND I CERTAINLY WOULD WANT TO LOOK
13 VERY CAUTIOUSLY AT THE IDEA OF TAKING SOMEBODY'S
14 HOME TO REPAY BACK A LOAN HERE. AND IT GOES
15 FURTHER THAN THAT. WHAT -- WE'RE NOT REALLY
16 EQUIPPED TO BE REAL ESTATE AGENTS AND TAKE
17 SOMEBODY'S HOME AND THEN UNLOAD IT AND ALL OF THAT
18 SORT OF THING. BUT I THINK WES IS RIGHT, THAT WE
19 SHOULD LOOK AT SOME OF THESE OTHER PROGRAMS. I'M
20 SURE THE STAFF HAS. I MEAN I KNOW THAT CALVIN
21 CAME FROM COMMERCE'S LOAN PROGRAMS AND -- BUT WE
22 AS A BOARD OUGHT TO MAYBE LOOK AT SOME OF THESE
23 AND UNDERSTAND THESE PROGRAMS A LITTLE BIT BETTER.

24 MEMBER CHESBRO: IT'S CLEARLY A BALANCING
25 PROCESS THAT WE'RE TRYING TO GO THROUGH BETWEEN

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1 RISK AND OBTAINING PROGRAM OBJECTIVES. I THINK ON
2 THE MORE CONSERVATIVE SIDE, A BAD LOAN DOESN'T
3 FURTHER THE PROGRAM OBJECTIVES EITHER, YOU KNOW.
4 SO -- BUT I ASSUME THAT THERE IS, ANY LOAN
5 PROGRAM, NO MATTER WHAT IT IS, IS GOING TO HAVE A
6 CERTAIN LOSS RATE, YOU KNOW. I THINK WE NEED TO
7 TRY TO FIGURE OUT WHAT IS AN ACCEPTABLE LEVEL OF
8 RISK RELATIVE TO THESE KINDS OF PROGRAMS AND BE
9 WILLING TO SWALLOW THAT LEVEL OF RISK WITHOUT THEN
10 JEOPARDIZING THE OVERALL PROGRAM OBJECTIVES OF
11 BOTH ACHIEVING 50 PERCENT AND THE PUBLIC RESPON-
12 SIBILITY FOR PROTECTING THE PUBLIC MONEY.

13 CHAIRMAN RELIS: I THINK IT'S TIMELY TOO
14 THAT BEING IN THE 50-PERCENT INITIATIVE DISCUSSION
15 AND WHAT WE HAD DISCUSSED EARLIER AT THE BOARD
16 MEETING, BY HAVING OUR CRITERIA OR OUR FOCUS CLEAR
17 ABOUT WHAT WE INTEND TO DO OVER THE NEXT THREE
18 YEARS, MAYBE WE WOULD SAY, WELL, FOR CERTAIN TYPES
19 OF PROJECTS, WE WOULD INCREASE OUR RISK BECAUSE
20 THE OPPORTUNITY TO GET DIVERSION IS GREAT. SO WE
21 WOULD PUT AT SOME LEVEL OF RISK MORE DOLLARS THAT
22 WAY.

23 MEMBER CHESBRO: WHEN WE TALK ABOUT
24 PROGRAM OBJECTIVES AND TRYING TO ACHIEVE 50
25 PERCENT, WHICH IS OUR BIG PROGRAM OBJECTIVE, YOU

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1 KNOW, WE'RE NOT MEETING IT IF WE'VE GOT \$16
2 MILLION OF LOAN MONEY THAT HASN'T GONE OUT, BUT
3 WE'RE ALSO NOT MEETING IT IF WE MAKE A LOT OF BAD
4 LOANS. AND SO THAT'S THE BALANCE WE'VE GOT TO
5 STRIKE. WE'VE GOT TO GET THAT MONEY OUT THE DOOR,
6 BUT WE'VE GOT TO GET IT INTO PROGRAMS, THE
7 PREDOMINANT NUMBER OF WHICH ARE GOING TO GENERATE
8 THE ACTIVITY AND BE SUCCESSFUL BUSINESSES SO
9 THAT --

10 MEMBER PENNINGTON: BUT IF THERE'S A
11 BUSINESS THAT IS A NEW BUSINESS OR A REDEVELOPMENT
12 OF A NEW -- OLD BUSINESS THAT'S GOING TO USE AND
13 DIVERT A LOT OF MATERIAL, BUT THAT THEIR
14 FINANCIALS ARE NOT QUITE WHAT THE BANK WANTS,
15 THAT'S WHERE I THINK WE SHOULD BE A PLAYER AND
16 TAKE THAT RISK, THAT IF THEY'RE ABLE TO SHOW US
17 THAT WE FEEL THAT THEY PROBABLY WILL MAKE IT OR
18 IT'S A GOOD IDEA. AND EVEN IF THAT FAILS, WE, I
19 THINK, HAVE FULFILLED OUR OBLIGATIONS TO TRY TO
20 MOVE IN THAT DIRECTION AND TRY TO GENERATE GREATER
21 DIVERSION AND THOSE THINGS.

22 I'LL JUST TELL YOU THAT WHEN I WAS
23 AT THE DEPARTMENT OF HOUSING, WE HAD ABOUT 450
24 MILLION OR \$475 MILLION WORTH OF BOND MONEY

GIVEN

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25 TO US AND SAID, YOU KNOW, HERE IT IS AND
HERE 'S

1 THE PROGRAMS. AND I WAS CONSTANTLY ACCUSED OF
2 TAKING TOO LONG TO GET THE MONEY OUT. AND I
3 ALMOST MADE THE REVERSE ARGUMENT OF WHAT I'M
4 MAKING NOW IN SAYING, "LOOK. I CAN GET THE MONEY
5 OUT. SURE. I CAN STAND OUT HERE ON THE STREET
6 AND HAND THE MONEY OUT, BUT WE'VE GOT TO HAVE AT
7 LEAST REASONABLE DEALS THAT WE FEEL ARE NOT TOO
8 RISKY." BUT IN THAT FIELD THERE'S A WHOLE LOT
9 MORE -- THERE'S A LOT MORE NONPROFITS AND CITIES
10 AND PLACES THAT KNOW WHAT THEY'RE DOING, SO YOU
11 TAKE A LITTLE BIT LONGER, BUT I THINK THAT YOU'VE
12 STILL GOT TO LOOK AT THE PROGRAM OBJECTIVES.

13 CHAIRMAN RELIS: OKAY. ANY MATTERS FROM
14 STAFF BEFORE WE CLOSE OUT THIS ITEM?

15 MS. TRGOVCICH: NO. JUST TO MAYBE, FOR
16 YOUR INFORMATION, LET YOU KNOW THAT I'VE ASKED TO
17 BE PLACED ON THE FEBRUARY 25TH AGENDA OF THE LOAN
18 COMMITTEE AN ITEM SO THEY CAN TALK AMONGST
19 THEMSELVES ABOUT WHAT IT IS THEY WOULD BE LOOKING
20 FOR IN TERMS OF APPLICATIONS COMING FORWARD AND
21 POSSIBLY SOME OTHER ROLES, TO GIVE THEM AN
22 OPPORTUNITY TO HAVE THAT DISCUSSION AMONGST
23 THEMSELVES.

24 WE HAVE TWO COMMITTEE MEMBERS WHO
25 WERE HERE YESTERDAY AND VERY ENTHUSIASTIC ABOUT

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1 THE PROGRAM. MR. FRASER, WHO OUR -- ONE OF OUR
2 NEWEST MEMBERS, WAS HERE, BUT HE HAD NOT YET
3 PARTICIPATED IN A MEETING, AND WE HAD SEVERAL
4 MEMBERS WHO WERE NOT HERE. SO TO GIVE THEM AN
5 OPPORTUNITY TO GET UPDATED BY THE MEMBERS WHO WERE
6 HERE ON WHAT WENT ON AND TALK ABOUT IT AMONGST
7 THEMSELVES, KIND OF WHAT THEY SEE IN TERMS OF
8 THEIR ROLE, THE KIND OF INFORMATION THEY'D LIKE TO
9 BE SEEING, WHAT CONSTITUTES COMPLETE ENOUGH FOR
10 THEM TO BE ABLE TO SIT DOWN AND THEN HAVE THE KIND
11 OF DISCUSSIONS THEY WANT TO HAVE.

12 MEMBER CHESBRO: I THINK THE MOTION
13 ASSUMED THAT LEVEL OF DISCUSSION WITH THE LOAN
14 COMMITTEE, SO...

15 CHAIRMAN RELIS: AND I WOULD HOPE THAT WE
16 WOULD HAVE AN OPEN DOOR FOR THE LOAN COMMITTEE IF
17 THEY EVER WANT TO BRING AN ITEM OR A MATTER TO THE
18 ATTENTION OF THE COMMITTEE, THAT THEY WOULD FEEL
19 FREE TO DO THAT, AGENDIZE IT OR WORK IT INTO OUR
20 ONGOING WORK.

21 LASTLY, I'D JUST LIKE TO SAY I THINK
22 WHENEVER WE HAVE WORKSHOPS LIKE THAT, IT'S
23 HEARTENING WHEN YOU GET ALL THE PARTIES TO THE
24 TABLE, IT'S NOT IN A FORMAL SETTING WHERE WE'RE
25 TAKING ACTION, I JUST THINK WE DO SOME

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1 EXTRAORDINARILY GOOD WORK IN THAT. AND I THINK
2 THE STAFF WORK, IN PARTICULAR, JUST SPEAKS TO --
3 EVERYONE SPOKE HIGHLY OF THE STAFF WORK THAT WAS
4 DONE FOR THAT MEETING. I MEAN A COUPLE OF
5 QUIBBLES, BUT YOU ALWAYS GET THAT.

6 MS. TRGOVCICH: I'D JUST LIKE TO SAY TOO,
7 I KNOW WE CAN GO ON AND ON WITH THIS, BUT IN MY
8 VIEW IT TAKES A LOT OF GUTS ON THE PART OF STAFF
9 TO BE ABLE TO SIT BACK AND LET SOMEONE ELSE
10 DESCRIBE YOUR PROGRAM FOR YOU AND TO SIT THERE AND
11 KIND OF HEAR THE CRITICISMS, HEAR THE SUPPORT, BUT
12 HEAR WHERE WE CAN IMPROVE AS WELL. AND IT TAKES A
13 LOT TO BE ABLE TO SIT BACK AND LET SOMEONE ELSE
14 CARRY YOUR WATER FOR YOU IN THAT RESPECT.

15 MEMBER CHESBRO: IT SHOULD BE POINTED OUT
16 THAT THERE WERE SOME SIGNIFICANT COMPLIMENTS FOR
17 STAFF DURING THE DISCUSSION YESTERDAY TOO. IT
18 WASN'T JUST A DOG PILE THAT EVERYBODY WAS JUMPING
19 ON.

20 MS. TRGOVCICH: AND I DIDN'T HEAR ANY
21 DEFENSIVENESS. I KNOW A LOT OF THEM HAD A LOT
22 THEY WOULD HAVE LIKED TO HAVE SAID. THEY WOULD
23 HAVE LIKED TO HAVE SAID HOW THEY'RE WORKING WITH
24 ALL THE ADMINISTRATORS, BUT I KNOW THAT WHAT WE
25 NEED TO DO AS STAFF IS TAKE ADVANTAGE OF OPPOR-

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1 TUNITIES LIKE THIS ONE AND OTHERS LIKE THE
2 UPCOMING ITEM ON THE MARKETING STRATEGY TO TALK
3 ABOUT HOW WE'RE DEVELOPING THOSE PARTNERSHIPS, AND
4 THAT GETS BACK TO THE COMMUNICATION ISSUE THAT WAS
5 RAISED YESTERDAY. AND I KNOW THAT BY ADDRESSING
6 THE COMMUNICATION ISSUE, WE CAN GO A LONG WAY
7 TOWARDS IMPROVING THE RELATIONSHIPS AND GETTING
8 THE DEALS IN THAT YOU WANT TO SEE.

9 CHAIRMAN RELIS: GOOD. OKAY. WE'LL
10 NOW -- LET'S SEE. DO WE HAVE ITEM 4?

11 MS. TRGOVCICH: ITEM 4 ON THE AGENDA IS
12 THE PRESENTATION OF A QUARTERLY PROGRESS REPORT ON
13 THE RECYCLING MARKET DEVELOPMENT ZONE PROGRAM'S
14 MARKETING STRATEGY FOR 1996-97. JOHN BLUE IS
15 GOING TO BE PRESENTING THIS ITEM.

16 BEFORE HE DOES, AND I'M SOMEWHAT
17 UNPREPARED TO DO THIS BECAUSE I DIDN'T BRING THE
18 INFORMATION THAT I ASKED JOHN TO SEND ME, WHICH HE
19 GAVE ME A COUPLE OF DAYS AGO, TO SUMMARIZE FOR
20 YOU. ONE THING I WANTED TO DO, BECAUSE IT WASN'T
21 IN THE ITEM, WAS TO HIGHLIGHT FOR YOU A PARTNER-
22 SHIP THAT WE HAVE BEEN DEVELOPING FOR ABOUT THE
23 PAST FOUR TO FIVE MONTHS.

24 WE HAVE BEEN MEETING WITH
SEVERAL

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25 REPRESENTATIVES OF THE CALED FOR THE PAST
FOUR TO

1 FIVE MONTHS AND HAVE IDENTIFIED OPPORTUNITIES
FOR
2 PARTNERSHIP WHICH WE ARE CURRENTLY EITHER
INVOLVED
3 WITH THEM ON OR ARE DEVELOPING WITH THEM.
FOR
4 EXAMPLE, OUR RECENT TRAINING SURVEY OF ALL OF
OUR
5 ZONE ADMINISTRATORS TO DEVELOP THE TRAINING
UNDER
6 CONTRACT THAT THE BOARD APPROVED IN THE PRIOR
YEAR
7 WAS REVIEWED BY CALED, AND THEY ARE PROVIDING
8 INPUT INTO THOSE, THE CORE COURSES FOR THE
ZONE
9 ADMINISTRATORS, AS WELL AS WE WILL BE WORKING
WITH
10 THEM AROUND WHAT THE ELECTIVE COURSES COULD
LOOK
11 LIKE, HOW WE COULD PARTICIPATE WITH THEM, HOW
THEY
12 WOULD HAVE SOME OF THEIR PEOPLE COME TO OUR
13 COURSES, SO WAYS IN WHICH WE CAN INTERACT
WITH
14 THEM.

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15 WE ARE ALSO WORKING WITH THEM.
16 WE'VE EXPLORED THE OPTION AROUND THE CITY AND
17 COUNTYWIDE SYSTEM OF COMMUNICATION THAT THEY
18 HAVE.
19 THEY GET A LOT OF QUESTIONS AROUND FINANCIAL
20 ASSISTANCE. SOME QUESTIONS THAT COME UP ARE
21 ZONE
22 LOAN RELATED, AND WE'RE WORKING WITH THEM NOW
23 ON
24 BEING ABLE TO GET ACCESS TO THOSE QUESTIONS.
25 THEY'LL BE PROVIDING US WITH THE QUESTIONS.
26 WE'LL
27 BE WORKING TO GET ANSWERS BACK TO THEM SO
28 THAT WE
29 COMMUNICATE MORE READILY WITH THE FOLKS THAT
30 THEY
31 WORK WITH OUT IN THE FIELD.

1 YOU KNOW, BECAUSE I FORGOT THE
2 INFORMATION, JOHN, I CAN'T REMEMBER THE OTHER
3 AREAS, BUT MAYBE AS YOU GO THROUGH YOUR
4 PRESENTATION, YOU MIGHT WANT TO HIGHLIGHT THEM AS
5 WELL.

6 MEMBER PENNINGTON: MR. CHAIRMAN, MAY I
7 ASK A QUESTION? ARE WE MEMBERS OF CALED?

8 MS. TRGOVCICH: YES. WE HAVE AN
9 ORGANIZATIONAL MEMBERSHIP TO CALED. WE CHANGED IT
10 FROM INDIVIDUALS TO ORGANIZATIONAL IN THIS LAST
11 YEAR. WE HAD A NUMBER OF MEMBERS OF OUR LOAN
12 STAFF WHO ARE MEMBERS OF CALED. IN ORDER TO SAVE
13 MONEY, WE WENT TO A TYPE OF ORGANIZATIONAL
14 MEMBERSHIP THIS YEAR WITH TWO MEMBERS. SO
15 ACTUALLY I BELIEVE I'M LISTED AS ONE, SO A LOT OF
16 THE INFORMATION COMES TO ME, AND I'LL BE FUNNELING
17 IT OUT. AND THERE'S SEVERAL OTHER LOAN MEMBER
18 STAFFS.

19 WE GO TO A LOT OF THEIR TRAINING AND
20 WE HAVE FOR MANY YEARS NOW, AND IT'S THAT
21 MEMBERSHIP THAT GETS US THE REDUCED RATE AND
22 ABILITY TO PARTICIPATE AT A LOWER COST. WE WORK
23 WITH THEM ON A LOT OF THEIR PUBLICATIONS. WE
24 PARTICIPATED IN SOME OF THEIR CONFERENCES, AND
25 THEY'RE GOING TO BE WORKING WITH US ON SOME OF

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1 OURS.

2 MEMBER PENNINGTON: GOOD. GOOD. BECAUSE
3 I THINK THAT'S AN AREA THAT WE NEED TO GET WITH
4 THOSE ECONOMIC DEVELOPMENT PEOPLE IS IMPORTANT
5 BECAUSE THEY HEAR ABOUT A LOT OF DEALS TOO. I
6 KNOW THAT SOME OF THE ZONE ADMINISTRATORS COME OUT
7 OF THE ECONOMIC DEVELOPMENT DEPARTMENTS. I THINK
8 IT'S A GOOD PLACE FOR US TO BE. GOOD. THANK YOU.

9 MR. BLUE: GOOD MORNING, COMMITTEE
10 MEMBERS. FOR THE RECORD, THIS IS JOHN BLUE OF THE
11 BOARD'S NEWLY NAMED RECYCLING BUSINESS ASSISTANCE
12 BRANCH.

13 AND FIRST TO ADDRESS --

14 MS. TRGOVCICH: YOU DIDN'T WRITE IT DOWN
15 FOR ME.

16 MR. BLUE: I APOLOGIZE.

17 THE FIRST -- FOLLOWING UP ON CAREN'S
18 COMMENTS ABOUT CALED, ONE OTHER PRETTY KEY
19 ASSISTANCE OR PARTNERING WITH CALED, IT'S REALLY
20 MORE OF A DEAL FOR US ON THIS BECAUSE ONE OF THEIR
21 STAFF, ASSISTANT DIRECTOR, OR WHATEVER THE TITLE,
22 TRISH KELLY, WHO HAS BEEN ONE OF THEIR INSTRU-
23 MENTAL PLAYERS ON BASE CLOSURE ISSUES, WORKED WITH
24 US TO REVIEW THE JOBS THROUGH RECYCLING
25 APPLICATIONS AND PROVIDED SOME REALLY KEY

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1 INFORMATION AND ASSISTANCE IN REVIEWING THOSE
2 APPLICATIONS AND HELPING WITH OUR SELECTION
3 PROCESS. SO THAT WAS A REALLY BENEFICIAL
4 PARTNERING THERE.

5 THIS MORNING I'M HERE TO PRESENT
6 ITEM NO. 4, THE QUARTERLY REPORT ON IMPLEMENTATION
7 OF THE RMDZ MARKETING STRATEGY. AND THIS REPORT
8 IS FOR INFORMATIONAL PURPOSES ONLY AND REQUIRES NO
9 ACTION BY THIS COMMITTEE.

10 THE BOARD APPROVED THE RMDZ
11 MARKETING STRATEGY IN MAY OF '96, AND THE STRATEGY
12 INCLUDED REQUIREMENTS FOR REGULAR REPORTS BACK TO
13 THE COMMITTEE ON THE MARKETING ACTIVITIES. NOW,
14 THIS REPORT REFLECTS THE TIME PERIOD FROM OCTOBER
15 1ST THROUGH DECEMBER 31ST OF '96.

16 ON PAGE 2 OF THIS ITEM OR PAGE 10 OF
17 YOUR PACKET, THERE'S A TABLE THAT SUMMARIZES THE
18 INFORMATION IN THIS ITEM. AND I'LL WALK YOU
19 THROUGH THIS RIGHT NOW.

20 FIRST OFF, FOR LOAN CLOSURES, THERE
21 WERE NO LOANS CLOSED IN THE FOURTH QUARTER OF '96.
22 THOUGH IT'S NOT REFLECTED IN THE TABLE, THERE WERE
23 THREE LOANS APPROVED BY THE BOARD FOR A TOTAL \$2.1
24 MILLION. WE RECEIVED TEN APPLICATIONS WORTH \$6.3
25 MILLION, AND WE HAD ONE APPROVED LOAN WITHDRAW A

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1 HUNDRED THOUSAND DOLLARS. THIS WAS A COMPANY THAT
2 ENDED UP GETTING A GRANT, SO THAT KIND OF BEAT OUT
3 OUR TERMS, SO IT WASN'T A PROBLEM --

4 MEMBER CHESBRO: FREE MONEY.

5 MR. BLUE: WASN'T SO MUCH A PROBLEM WITH
6 THE LOAN PROGRAM AS IT WAS THEY GOT A BETTER DEAL
7 AS IN FREE.

8 AS OF DECEMBER 31ST, '96, WE HAD
9 FIVE APPROVED LOANS THAT WERE STILL PENDING
10 CLOSURE WORTH \$3.3 MILLION. FOR OUTREACH
11 ACTIVITIES, STAFF MAILED OUT SOLICITATIONS TO
12 BUSINESSES, TO APPROXIMATELY 2200 BUSINESSES, AND
13 STAFF MADE APPROXIMATELY 350 FOLLOW-UP CALLS.
14 NOW, IT'S IMPORTANT TO NOTE THAT THIS REFLECTS
15 JUST BOARD STAFF TELEPHONE EFFORTS. AND IN
16 ADDITION TO THIS, THE CENTRAL COAST ZONE COMMITTED
17 TO MAKING ANOTHER 1400 PHONE CALLS FOR BUSINESSES
18 THAT WE TARGET IN THEIR ZONE. WE'LL BE DOING SOME
19 FOLLOW-UP WITH THEM TO ASSURE THAT THIS INDEED DID
20 OCCUR.

21 WE HAD ONE ADVERTISEMENT THAT WAS
22 PART OF A 20-PAGE SUPPLEMENT TO PLANNED SITES AND
23 PARKS ENTITLED "CALIFORNIA'S NEW ECONOMY." IT'S
24 SPEARHEADED BY TRADE AND COMMERCE AGENCY AS PART
25 OF THAT.

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1 STAFF -- BOARD STAFF PROVIDED
2 ASSISTANCE TO ABOUT 270 BUSINESSES DURING THIS
3 QUARTER, RANGING FROM PROVIDING INFORMATIONAL FACT
4 SHEETS, WORKING ON LOAN APPLICATIONS, PERFORMING
5 SOME PRETTY IN-DEPTH FEEDSTOCK ANALYSIS. WE
6 REFERRED APPROXIMATELY 78 BUSINESSES BACK OUT TO
7 ZONE ADMINISTRATORS FOR LOCAL ASSISTANCE THERE.
8 AND FINALLY, STAFF REFERRED NINE BUSINESSES TO
9 OUTSIDE SERVICE PROVIDERS, SMALL BUSINESS
10 ASSISTANCE CENTERS, TRADE AND COMMERCE, REACT AND,
11 ETC.

12 UPCOMING ITEMS THAT MAY BE OF
13 INTEREST TO THE COMMITTEE INCLUDE CONTINUING
14 OUTREACH TO OUTSIDE SERVICE PROVIDERS BETWEEN
15 TRADE AND COMMERCE, CALED, AND PRIVATE LENDERS.

16 ADDITIONALLY, THIS IS SOMETHING I'M
17 PRETTY ENTHUSED ABOUT, WE'RE CURRENTLY WORKING ON
18 MATERIAL FOR OUR RMDZ HOME PAGE AS A SUPPLEMENT TO
19 THE BOARD'S WEB SITE. ALREADY WE RECEIVE
20 INQUIRIES REGULARLY JUST FROM THE BOARD'S EXISTING
21 HOME PAGE WITHOUT A LOT OF DETAILED INFORMATION
22 ABOUT THE RMDZ PROGRAM. SO I'M EXPECTING THIS
23 WILL BE A SIGNIFICANT ADDITION TO OUR OUTREACH
24 EFFORTS.

25 THAT'S -- THIS CONCLUDES STAFF

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1 PRESENTATION. I'D BE HAPPY TO ANSWER QUESTIONS OF
2 THE COMMITTEE AT THIS TIME.

3 CHAIRMAN RELIS: QUESTIONS?

4 MEMBER PENNINGTON: NO, I DON'T THINK SO.

5 MEMBER CHESBRO: FEEDBACK I GAVE STAFF
6 WHEN I MET WITH THEM WAS THAT I WAS INTERESTED IN
7 FOLLOW-UPS WITH THE ZONES THAT WERE DOING THE
8 CALLS THEMSELVES JUST TO KIND OF MONITOR HOW MUCH
9 OF IT IS ACTUALLY TAKING PLACE SO WE CAN GET A
10 COMPLETE PICTURE BECAUSE WE'RE GOING TO BE KIND OF
11 STAYING OUT OF THOSE ZONES. SO IF SOMEONE SAYS
12 THEY WANT TO DO IT, AND WE'RE WORKING WITH THEM,
13 BUT WE'RE NOT DOING THE CALLING FOR THEM. SO IT
14 WILL BE INTERESTING TO TRY TO GET FEEDBACK FROM
15 THEM ABOUT HOW THAT IS PROCEEDING BECAUSE I MEAN
16 YOU LOOK AT THE GOAL OF 1500 CALLS AND WE MADE
17 357. DOESN'T SOUND LIKE MUCH. BUT IT WOULD BE
18 NICE TO KNOW HOW THAT COINCIDES WITH PART OF THE
19 WORK THAT'S BEING DONE BY THE ZONES THEMSELVES,
20 SUCH AS KURT HUNTER'S QUITE AMBITIOUS 1400 CALLS
21 FROM THE CENTRAL COAST ZONE. I DON'T THINK HE'S
22 GOING TO PERSONALLY MAKE ALL THOSE, ALTHOUGH HE
23 MIGHT. YOU NEVER KNOW. KURT'S PRETTY ENERGETIC.

24 MEMBER PENNINGTON: STRONG FINGERS.

25 MS. TRGOVCICH: I CAN TELL YOU IF WE HAD

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1 INTENDED TO MAKE ALL THOSE FOLLOW-UP CALLS, WE
2 WOULDN'T HAVE PUT THE NUMBER AT THAT HIGH.

3 MEMBER CHESBRO: BUT IT WOULD HELP TO
4 GIVE THE WHOLE PICTURE IF WE KNEW HOW SUCCESSFUL
5 THOSE WERE GOING AT THE OTHER ZONES.

6 MR. BLUE: AS A FOLLOW-UP, YEAH, WE WILL
7 BE WORKING, CHECKING BACK WITH THE ZONES TO
8 ASCERTAIN THEIR FOLLOW-UP EFFORTS ON THAT.

9 ONE THING I WANTED TO MENTION, IT
10 DOESN'T SOUND LIKE A LOT WHEN WE DO MAILINGS. IT
11 OFTENTIMES ENTAILS SIGNIFICANT EFFORT. FOR THE
12 CENTRAL COAST, IT WASN'T ONE LETTER. IT WAS
ABOUT

13 SIX DIFFERENT -- SIX DIFFERENT MAILINGS FOR
THAT

14 ZONE. EACH JURISDICTION WANTED A TAILOR,
15 CUSTOMIZED MAILING FOR THEIRS, SO IT INCLUDES
16 QUITE A BIT OF EFFORT ON STAFF TO PUT THAT
17 TOGETHER.

18 MEMBER CHESBRO: I'M ASSUMING THAT THE
19 UNDER ACHIEVEMENT UP AT THE TOP, WE'LL HAVE --
20 NEXT QUARTERLY REPORT WON'T BE A GOOSE EGG;
WE'LL

21 HAVE SOME NUMBERS THERE.

22 MR. BLUE: I EXPECT SO.

23 MEMBER CHESBRO: CERTAINLY THE STUFF'S

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IN

24 THE PIPELINE, BUT IT WILL BE GREAT TO SEE SOME
25 NUMBERS IN THAT COLUMN THERE.

1 CHAIRMAN RELIS: I DON'T KNOW IF OTHER
2 COMMITTEE MEMBERS, AND I KNOW WE PROBABLY DON'T
3 WANT TO DO THIS IN PUBLIC, BUT THE PIPELINE WHICH
4 I SAW, AT LEAST, I DON'T KNOW OTHER COMMITTEE
5 MEMBERS, I HOPE THAT WOULD BE SHARED WITH
6 COMMITTEE MEMBERS SO YOU HAVE AN IDEA WHAT AT
7 LEAST HAS COME INTO THE SYSTEM.

8 MS. TRGOVCICH: WE'LL -- ONE OF THE
9 THINGS THAT WE'VE BEEN DOING IS WE'VE BEEN KIND OF
10 TESTING OUT THOSE REPORTS. AND WE'VE KIND OF COME
11 DOWN TO THREE OR FOUR THAT WE SEEM TO BE USING ON
12 A REGULAR BASIS. AND WHAT I'LL BE DOING IS
13 PROVIDING THOSE TO THE COMMITTEE MEMBERS SO YOU
14 CAN TAKE A LOOK AT THAT. THE PIPELINE REPORT IS
15 PRETTY IMPRESSIVE.

16 ONCE AGAIN, IT'S A LOT OF WORK THAT
17 GOES INTO IT TO WORK WITH A LOT OF THESE
18 BUSINESSES THAT AREN'T EVEN QUITE SURE WHAT THEIR
19 PROJECT IS YET. WE GET A LOT OF APPLICATIONS IN
20 THAT DON'T EVEN HAVE A DEFINED PROJECT, AND IT
21 CHANGES AS THE FINANCING CHANGES. AND

DEPENDING

22 UPON WHO THEY CAN GET IN FOR THE OTHER 50
PERCENT.

23 REMEMBER, WE ONLY PROVIDE 50 PERCENT OF IT. SO
WE

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24 SPEND A LOT OF TIME. SO SOMETIMES THOSE

PIPELINE

25 REPORTS TAKE AWHILE TO SEE THOSE BUSINESSES

1 ACTUALLY APPEAR ON A LOAN COMMITTEE AGENDA AND
2 THEN GET FORWARDED ON TO MARKET DEVELOPMENT AND
3 THE BOARD, BUT IT IS PRETTY IMPRESSIVE.

4 AND THE LOANS CLOSED NUMBER, TOO,
5 OFTEN REFLECTS, AS IN THE CASE OF F.O.O.D. SHARE,
6 INC., ON THEIR SEARCH, YOU KNOW, THEY WANT TO PUT
7 OFF CLOSING WITH US SOMETIMES IF THEY HAVE
8 SOMETHING IN THE HOPPER. SO A LOT OF TIMES THINGS
9 MAY BE READY, BUT THEY'RE LOOKING AT SOMETHING
10 ELSE.

11 CHAIRMAN RELIS: JUST REFLECTING BACK,
12 AND I KNOW WE WANT TO BRING THIS MEETING TO A
13 CLOSE, BUT, YOU KNOW, IT IS HEARTENING. WE
14 RECEIVED UNEQUIVOCAL SUPPORT FOR THE LOAN PROGRAM.
15 I MEAN IT SAILED THROUGH THE LEGISLATURE; SIGNED
16 BY THE GOVERNOR. I MEAN THAT I WOULD CALL A
17 RINGING ENDORSEMENT, SO NOW IT'S UP TO US TO
18 FULFILL THE PROMISE.

19 MEMBER CHESBRO: GET THAT GOOSE EGG AND
20 RUN WITH IT.

21 MEMBER PENNINGTON: I WOULD SAY, THOUGH,
22 THAT IF THEY DON'T KNOW WHAT THEY WANT TO DO WITH
23 IT, THAT'S MORE RISK THAN I WANT TO TAKE.

24 MS. TRGOVCICH: I'D BE INTERESTED TO
25 SHARE WITH YOU, MR. CHAIRMAN, WHEN WE COME AND

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1 MEET WITH YOU, THE NUMBER OF APPLICATIONS THAT DO
2 COME IN OPEN-ENDED ON THAT SIDE.

3 CHAIRMAN RELIS: OKAY. THAT CONCLUDES
OUR BUSINESS. IF THERE'S NO OTHER COMMENT FROM
THE AUDIENCE, THEN WE ARE DONE.

 (THE MEETING WAS THEN ADJOURNED AT
10:45 A.M.)

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